(1)

Supreme Court, U.S.
FILED

162

No. 09- 091413 MAY 19 2010

OFFICE OF THE CLERK

In the
Supreme Court of the United States

Heather A. Davis,
Petitioner,

v.

Brouse McDowell, L.P.A. and Daniel A. Thomson,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

Steven D. Bell
Counsel of Record
Steven D. Bell Co., L.P.A
Millside Centre-Suite 11
8803 Brecksville Road
Brecksville, Ohio 44141
(216) 925-5484
steve@stevebell-law.com

Jeffrey R. Sadlowski
Jeffrey R. Sadlowski, LLC
14414 Detroit Avenue
Suite 108
Lakewood, Ohio 44107
(216) 925-5482

Himanshu S. Amin
57th Floor, Suite 1
Key Tower
127 Public Square
Cleveland, Ohio 44114
(216) 535-7999

QUESTIONS PRESENTED

Whether the Federal Circuit erred by relying upon a deposition answer in determining that federal patent jurisdiction extended to Plaintiff's Amended Complaint under 35 U.S.C. § 1338(a).

Whether the Federal Circuit erred by asserting federal patent jurisdiction over a single state law claim of legal malpractice in which at least one theory of the claim does not rely upon a substantial question of federal patent law.

PARTIES TO THE PROCEEDING

Pursuant to Rule 14.1(b), the parties here and in the proceeding in the U.S. Court of Appeals for the Federal Circuit are listed.

Petitioner here and appellant below is Heather A. Davis.

Respondents here and appellees below are Brouse McDowell, L.P.A. and Daniel A. Thomson.

TABLE OF CONTENTS

QUESTIONS PRESENTED i

PARTIES TO THE PROCEEDING ii

TABLE OF AUTHORITIES v

OPINIONS BELOW 1

JURISDICTION 1

STATUTORY PROVISIONS INVOLVED 1

STATEMENT OF THE CASE 2

A. Proceedings in State Court 2

B. Proceedings in District Court 3

C. Proceedings in the Federal Circuit Court of Appeals 4

REASONS FOR GRANTING THE PETITION 6

I. BY CONSIDERING FACTS OUTSIDE THE FOUR CORNERS OF PLAINTIFF'S AMENDED COMPLAINT IN DETERMINING WHETHER FEDERAL PATENT JURISDICTION APPLIED TO PLAINTIFF'S CLAIM, THE FEDERAL CIRCUIT DECISION CONFLICTS WITH THIS COURT'S PRECEDENT 6

II. THE FEDERAL CIRCUIT'S ASSERTION OF JURISDICTION OVER A SINGLE STATE LAW CLAIM IN WHICH PATENT LAW IS NOT ESSENTIAL TO AT LEAST

ONE THEORY OF RECOVERY CONFLICTS WITH THIS COURT'S PRECEDENT 12

III. THERE IS A CONFLICT IN THE CIRCUITS IN INTERPRETING THEORIES OF A CLAIM AS OPPOSED TO MULTIPLE CLAIMS WHEN DETERMINING JURISDICTION UNDER FEDERAL PATENT LAW 13

IV. CERT. SHOULD BE GRANTED TO PREVENT THE FEDERAL CIRCUIT AND THE DISTRICT COURTS FROM ASSERTING JURISDICTION OVER A STATE LAW LEGAL MALPRACTICE CLAIM IN WHICH PATENT LAW IS NOT ESSENTIAL TO AT LEAST ONE THEORY OF RECOVERY 15

V. THIS CASE IS A GOOD VEHICLE FOR RESOLVING THE QUESTIONS PRESENTED 17

CONCLUSION 18

APPENDIX

A. Opinion of the U.S. Court of Appeals for the Federal Circuit (Mar. 2, 2010) 1a

B. Order of the U.S. District Court for the Northern District of Ohio (May 29, 2010) ... 19a

TABLE OF AUTHORITIES

Cases

Christianson v. Colt Indus. Operating Corp., 486 U.S. 800 (1988) ..... passim

Clearplay, Inc. v. Max Abecassis and Nissim Corp., (Fed. Cir. 2009-1471, April 21, 2010) 12

Franchise Tax Board of California v. Construction Laborers Vacation Trust, 463 U.S. 1, (1983) .. 7, 11, 16

Grable & Sons Metal Products, Inc. v. Darue Engineering & Mfg., 545 U.S. 308, (2005) 16

Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc., 535 U.S. 826 (2002) ..... passim

In re DDAVP Direct Purchaser Litigation, 585 F. 3d 677, 682 (2nd Cir. 2009) 13, 14, 15

Louisville & Nashville R. Co. v. Mottley, 211 U.S. 149 (1908) 5, 11

Shamrock Oil & Gas Corp. v. Sheets, 313 U.S. 100, (1941) 16

Taylor v. Anderson, 234 U.S. 74, (1914) 6, 7, 11, 17

Vahila v. Hall, 77 Ohio St.3d 421, 674 N.E.2d 1164 (1997) 8

Statutes

28 U.S.C. § 1254(1) 1

28 U.S.C. § 1295(a)(1) 2

28 U.S.C. §1331 ..... 3, 15

28 U.S.C. §1338(a) ..... passim

35 U.S.C. § 112 10

Other Authorities

Black's Law Dictionary 264 (8th ed. 2004) 4, 12

PETITION FOR A WRIT OF CERTIORARI

OPINIONS BELOW

The opinion of the U.S. Court of Appeals for the Federal Circuit (App., *infra*, 1a-18a) is reported at *Heather A. Davis v. Brouse McDowell, L.P.A. and Daniel A. Thomson*, 596 F.3d 1355 (Fed. Cir. 2010). The Order of the U.S. District Court for the Northern District of Ohio (App., *infra*, 19a-65a) is unreported (N. D. Ohio May 22, 2009)

JURISDICTION

The judgment of the U.S. Court of Appeals for the Federal Circuit was entered on March 2, 2010. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

"The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction- (1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising

under any Act of Congress relating to copyrights, exclusive rights in mask works, or trademarks and no other claims under section 1338 (a) shall be governed by sections 1291, 1292, and 1294 of this title;" 28 U.S.C. § 1295(a)(1).

"The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases." 28 U.S.C. § 1338(a).

STATEMENT OF THE CASE

A. Proceedings in State Court

On January 14, 2008, Davis filed a Complaint against Daniel A. Thomson and the law firm of Brouse McDowell in the Court of Common Pleas for Summit County, Ohio. In her Complaint, Davis included a single claim for legal malpractice alleging that Thomson and Brouse McDowell committed legal malpractice by failing to timely file three Patent Cooperation Treaty ("PCT") applications related to Davis' inventions. The Defendants were served with the Complaint on January 18, 2008, and filed an Answer to Davis' Complaint on March 6, 2008.

An Amended Complaint was filed in the State Court on May 23, 2008. The Amended Complaint added three words ("and other omissions") not contained in the initial Complaint. During her deposition taken in the state court action, Davis

testified that the "other omissions" included Defendants' preparation and prosecution of Davis' U.S. patent application. Based upon Davis' deposition testimony, Defendants filed their Notice of Removal to the District Court.

B. Proceedings in District Court

The Defendants filed a Notice of Removal of the action to the District Court on June 4, 2008. The Notice of Removal correctly stated that "[t]he case as pleaded by Plaintiff's original Complaint was not removable to [the District Court]."

The Notice of Removal claimed that the action was removed pursuant to both 28 U.S.C. §1331 and 28 U.S.C. §1338(a). In their Notice of Removal, Defendants claimed that removal under 28 U.S.C. §1338(a) was appropriate based upon Davis' answer to a question during a deposition taken in the state court action: "Her Amended Complaint, as she admitted at her deposition, now covers claims related to Defendants' preparation and prosecution of her United States patents. ... this Notice is filed only two days after Plaintiff's deposition, when Defendants first learned that her claims arise in part from Defendants' preparation and prosecution of her United States patent applications ..." (Notice of Removal at ¶ 7, emphasis added). Thus, Defendants' Notice of Removal relied upon matters outside of Plaintiff's well pleaded amended complaint to claim federal patent law jurisdiction over Davis' amended complaint.

On May 22, 2009, the District Court granted Defendants' Motion for Summary Judgment in its entirety and entered judgment in favor of the Defendants.

C. Proceedings in the Federal Circuit Court of Appeals

On March 2, 2010, the Court of Appeals affirmed the judgment of the District Court. The Federal Circuit correctly noted the test for determining whether a district court has jurisdiction pursuant to 28 U.S.C. Section 1338(a): "[t]he Supreme Court set forth the test for determining whether a district court has jurisdiction pursuant to 28 U.S.C. § 1338(a) in *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800 (1988): jurisdiction extends to those cases 'in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims.' *Id.* at 808-09. If the well-pleaded complaint presents multiple theories supporting a claim, that claim 'may not form the basis for § 1338(a) jurisdiction unless patent law is essential to each of those theories.' *Id.* at 810". App., *infra*, 6a, 7a.

However, citing only Black's Law Dictionary 264 (8th ed. 2004), the Federal Circuit found that Davis' amended complaint presented multiple claims for legal malpractice. The cited definition of a "claim" is broadly defined as the "aggregate of operative facts giving rise to a right enforceable by a court". App.,

infra, 8a. Applying this definition of a "claim", the Federal Circuit found that Davis' amended complaint presented at least two distinct claims: one relating to Mr. Thomson's preparation and filing of the U.S. applications and one relating to his failure to timely file the PCT applications. App., *infra*, 8a, 9a.

The "operative facts" regarding preparation and filing of the U.S. applications are not set forth in Davis' amended complaint, but instead are the basis of theories developed during the course of discovery: "Defendants explained in their Notice of Removal that Ms. Davis had testified at deposition that the 'other omissions' recited by the complaint included Mr. Thomson's alleged negligence in preparing and filing the U.S. applications". App., *infra*, 5a. Thus, the "operative facts" regarding preparation and filing of the U.S. applications are not set forth in Davis' amended complaint, but instead are the basis of theories developed during the course of discovery through depositions and the exchange of expert reports. The mere fact that, in the course of the litigation, a question under the Constitution would arise, does not show that the suit, that is, the plaintiff's original cause of action, arises under the Constitution. *See, Louisville & Nashville R. Co. v. Mottley*, 211 U.S. 149 at 152 (1908). The well-pleaded complaint rule does not allow a patent law counterclaim to serve as the basis for a district court's jurisdiction under federal patent law. *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002).

In finding that Davis' amended complaint raised a claim relating to Mr. Thomson's preparation and filing of the U.S. patent applications, the Federal Circuit improperly looked beyond the four corners of Davis' well-pleaded amended complaint by relying upon a deposition answer. Significantly, the Federal Circuit extended federal patent law jurisdiction to facts discovered in the course of litigation, without reliance on any Supreme Court precedent or precedent of the Federal Circuit.

REASONS FOR GRANTING THE PETITION

I. BY CONSIDERING FACTS OUTSIDE THE FOUR CORNERS OF PLAINTIFF'S AMENDED COMPLAINT IN DETERMINING WHETHER FEDERAL PATENT JURISDICTION APPLIED TO PLAINTIFF'S CLAIM, THE FEDERAL CIRCUIT DECISION CONFLICTS WITH THIS COURT'S PRECEDENT

For more than one hundred years, the Supreme Court has made it clear that the Plaintiff is "master of his complaint," and that federal court jurisdiction must be determined by reference only to the four corners of the Plaintiff's complaint. *See, Taylor v. Anderson*, 234 U.S. 74, 75-65 (1914) ("[Whether] a case is one arising under the Constitution or a law or treaty of the United States, in the sense of the jurisdictional statute . . . must be determined from what necessarily appears in the plaintiff's statement of his own claim in the bill or declaration, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may

interpose"). The "well-pleaded complaint" rule has emerged to avoid a number of potentially serious federal-state conflicts and "severely limits the number of cases in which state law 'creates the cause of action' that may be initiated in or removed to federal district court, thereby avoiding more-or-less automatically a number of potentially serious federal-state conflicts". *Franchise Tax Board of California v. Construction Laborers Vacation Trust*, 463 U.S. 1, 9-10 (1983).

In *Franchise Tax Board of California*, 463 U.S. at 10, the Supreme Court established principles for defining the "well-pleaded claims" and discerning which elements are "necessary" or "essential" to the well-pleaded claims. In *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800 (1988), the Supreme Court applying *Franchise Tax Board*, stated "[u]nder the well pleaded complaint rule, as appropriately adapted to § 1338(a), whether a claim 'arises under' patent law 'must be determined from what necessarily appears in the plaintiff's statement of his own claim in the bill or declaration, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose.' *Id.* at 809 quoting *Franchise Tax Board* at 10 quoting *Taylor v. Anderson*, 234 U.S. 74, 75-76 (1914).

Thus, in *Christianson*, the Supreme Court set forth the test for determining whether a district court has jurisdiction pursuant to 28 U.S.C. Section 1338(a): jurisdiction extends to those cases "in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the

plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims." *Id.* at 808 09. If the well-pleaded complaint presents multiple theories supporting a claim, that claim "may not form the basis for § 1338(a) jurisdiction unless patent law is essential to each of those theories." *Id.* at 810. This Court has expressly rejected federal patent jurisdiction over a case in which the complaint does not allege a patent-law claim, but the answer contains a patent-law counterclaim. *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002).

It is undisputed that Davis' amended Complaint does not set forth a cause of action created by federal patent law. Thus, the first part of the *Christianson* test fails.

Davis' well-pleaded amended complaint sets for a claim for legal malpractice under Ohio law. The elements of a claim for legal malpractice under Ohio law are: "(1) that the attorney owed a duty or obligation to the plaintiff, (2) that there was a breach of that duty or obligation and that the attorney failed to conform to the standard required by law, and (3) that there is a causal connection between the conduct complained of and the resulting damage or loss.". *Vahila v. Hall*, 77 Ohio St.3d 421, 674 N.E.2d 1164 (1997).

In both her complaint and her amended Complaint, Davis alleged a single claim for legal malpractice under Ohio law. In her original complaint, Davis

alleged "[b]y failing to timely file the three PCT applications, Defendants were negligent and committed legal malpractice". Complaint at ¶ 7. In her Amended Complaint, Davis added three word "and other omissions", alleging "[b]y failing to timely file the three PCT applications and other omissions, Defendants were negligent and committed legal malpractice". Amended Complaint at ¶7. It is undisputed that federal patent law jurisdiction did not extend to Plaintiff's original complaint filed in state court. Thus, the additional of three words -- "and other omissions" – must be the basis for the federal patent law jurisdiction asserted by the District Court and the Federal Circuit.

Despite clearly alleging a single claim for legal malpractice under Ohio law, the Federal Circuit, without reliance on state law or federal law, concluded that that Davis raised at least two claims for legal malpractice. Contrary to this Court's precedent regarding the "well-pleaded claim", the Federal Circuit took into consideration matters outside of Davis' Amended Complaint in determining jurisdiction under 1338(a). More specifically, the Federal Circuit found that "Ms. Davis' allegations of attorney malpractice arise out of different sets of operative facts. On the one hand, she alleges that Mr. Thomson committed malpractice simply by failing to file the PCT applications on or before January 22, 2009. Additionally, however, she alleges that Mr. Thomson committed malpractice by performing various acts of negligence in connection with the preparation and filing of the U.S. applications – for example, she asserts that Mr. Thomson drafted inadequate claims; failed to include

information sufficient to comply with the requirements of 35 U.S.C. § 112, ¶ 1; and failed to apply any of his own legal expertise to synthesize the descriptive materials she provided into a cohesive specification. Therefore, Ms. Davis's complaint presents at least two distinct claims: one relating to Mr. Thomson's preparation and filing of the U.S. applications and one relating to his failure to timely file the PCT applications." App., *infra*, 8a, 9a.

The allegation that Defendants were negligent by failing to timely file three PCT applications is present in both Davis' original complaint and amended complaint (paragraph 7) and does not necessarily depend on resolution of a substantial question of federal patent law.

The "operative facts" relied upon by the Federal Circuit regarding preparation and filing of the U.S. applications are not set forth in Davis' Amended Complaint, but instead are the basis of theories developed during the course of discovery: "Defendants explained in their Notice of Removal that Ms. Davis had testified at deposition that the 'other omissions' recited by the complaint included Mr. Thomson's alleged negligence in preparing and filing the U.S. applications". App., *infra*, 5a. Thus, the "operative facts" regarding preparation and filing of the U.S. applications are not set forth in Davis' Amended Complaint, but instead are the basis of theories developed during the course of discovery through depositions and the exchange of expert reports. The mere fact that, in the course of the litigation, a question under the Constitution would arise, does not show that the suit, that is, the

plaintiff's original cause of action, arises under the Constitution. *See, Louisville & Nashville R. Co. v. Mottley*, 211 U.S. 149 at 152 (1908). The well-pleaded complaint rule does not allow a counterclaim to serve as the basis for a district court's jurisdiction. *Holmes Group, Inc.* There is no Supreme Court precedent that would allow deposition answers to be considered in determining the removability of a Complaint.

The "operative facts" regarding preparation and filing of the U.S. applications relied upon by the Federal Circuit in finding jurisdiction under federal law do not appear in either Davis' original complaint or Davis' amended complaint, and, thus are not properly considered in determining jurisdiction under federal patent law under *Christianson, Louisville, Taylor* and *Holmes Group, Inc.* In considering "operative facts" developed during the litigation and not set forth in Davis' amended complaint, the Federal Circuit ignored the temporal aspect of the "well-pleaded complaint" rule. Federal court jurisdiction must be determined at the time of removal and by reference only to the four corners of Davis' Amended Complaint.

Reviewing Davis' "well-pleaded" amended complaint, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose, as required under this Court's precedent in *Franchise Tax* and *Christianson*, Davis' Amended Complaint sets forth a single claim for legal malpractice under Ohio. Davis' "well-pleaded" claim for legal malpractice does not necessarily depend on resolution of a

substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims. Accordingly, the District Court and Federal Circuit improperly exercised federal patent jurisdiction in this matter. Since the District Court lacked jurisdiction under § 1338, the Federal Circuit lacked jurisdiction under § 1295. *See Clearplay, Inc. v. Max Abecassis and Nissim Corp.*, (Fed. Cir. 2009-1471 at page 7, April 21, 2010).

II. THE FEDERAL CIRCUIT'S ASSERTION OF JURISDICTION OVER A SINGLE STATE LAW CLAIM IN WHICH PATENT LAW IS NOT ESSENTIAL TO AT LEAST ONE THEORY OF RECOVERY CONFLICTS WITH THIS COURT'S PRECEDENT

In both her Complaint and her Amended Complaint, Davis alleged a claim for legal malpractice under Ohio law. Citing only Black's Law Dictionary 264 (8th ed. 2004), the Federal Circuit found that Davis' Complaint presented multiple claims for legal malpractice. The cited definition of a "claim" is broadly defined as the "aggregate of operative facts giving rise to a right enforceable by a court". App., *infra*, 8a. Applying this definition of a "claim", the Federal Circuit found that Davis' Complaint presented at least two distinct claims: one relating to Mr. Thomson's preparation and filing of the U.S. applications and one relating to his failure to timely file the PCT applications. App., *infra*, 9a. Notably, the theory related to preparation and filing of the U.S. applications is not expressly set forth in Davis' Amended complaint.

As recognized by this Court in *Christianson*, different theories of a claim can rely on different facts and law: "just because an element that is essential to a particular theory might be governed by federal patent law does not mean that the entire monopolization claim 'arises under' patent law". *Id.* at 811. By interpreting separate theories of a single claim to be different claims, the Federal Circuit's decision in *Davis* is in conflict with this Court's precedent in *Christianson*.

III. THERE IS A CONFLICT IN THE CIRCUITS IN INTERPRETING THEORIES OF A CLAIM AS OPPOSED TO MULTIPLE CLAIMS WHEN DETERMINING JURISDICTION UNDER FEDERAL PATENT LAW

Recently, the Second Circuit applied *Christianson* to an antitrust suit involving an antiduretic prescription medicine, the compound in tablet form patented under U.S. Patent No. 5,047,398 (the "'398 patent"). *In re DDAVP Direct Purchaser Litigation*, 585 F. 3d 677, 682 (2nd Cir. 2009). The Plaintiffs argued that their right to relief could "stand on any one of four different theories: (1) defendants committed Walker Process fraud in obtaining and securing the '398 patent; (2) the defendants listed the '398 patent in the FDA's Orange Book despite knowing the patent was fraudulently procured and therefore invalid; (3) the defendants, knowing the '398 patent was invalid, prosecuted sham patent infringement litigation against generic competitors in order to delay FDA approval of the competitors' generic DDAVP equivalent; and (4) the defendants

filed a sham citizen petition, asking the FDA to require additional testing of a generic DDAVP equivalent (thus delaying its approval) despite knowing that such testing was unnecessary". *Id.* at page 685. The Second Circuit held that the plaintiffs' antitrust claim, under their first three theories, requires that the '398 patent had been fraudulently procured, and turn on theories of substantial questions of patent law. *Id.* at 685.

However, the Second Circuit found that Plaintiffs' fourth theory does not turn on a substantial question of patent law. *Id.* at 685. The Second Circuit noted: "[t]he question of whether the Federal Circuit has jurisdiction 'focuses on claims, not theories, and just because an element that is essential to a particular theory might be governed by federal patent law does not mean that the entire monopolization claim 'arises under' patent law.' *Christianson,* 486 U.S. at 811, 108 S.Ct. 2166 (internal citations omitted). The defendants stress that the plaintiffs' patent-related theories are essential to the *overall* relief the plaintiffs seek, because the citizen petition theory covers a time period shorter than the overall allegations, but this fact lacks jurisdictional significance. Focusing on claims, not theories, we have jurisdiction as long as any one of the theories can support the claim without raising substantial questions of patent law. The citizen petition theory satisfies this requirement, and therefore we have jurisdiction over this appeal". *Id.* at 687.

The Second Circuit correctly applied *Christianson* in holding that a single claim having multiple theories is not subject to patent law jurisdiction as

long as any one of the theories can support the claim without raising substantial questions of patent law. In *Davis*, the Federal Circuit, applying *Christianson*, arrived at the opposite conclusion by holding that the single state law malpractice action advanced multiple *claims* and not multiple *theories* because "Ms. Davis's allegations of attorney malpractice arise out of different sets of operative facts". App., *infra*, 8a.

In *In re DDAVP Direct Purchaser Litigation* at 685, 686, the Second Circuit found that the fourth theory of the antitrust claim did not depend on resolution of a substantial question of federal patent law. Thus, the Second Circuit recognized that different theories of a claim will necessarily depend on different facts. By interpreting separate theories of a single claim to be different claims, the Federal Circuit's decision in *Davis* is in conflict with the Second Circuit's decision in *In re DDAVP Direct Purchaser Litigation*. Thus, a conflict exists between the Second Circuit and the Federal Circuit.

IV. CERT. SHOULD BE GRANTED TO PREVENT THE FEDERAL CIRCUIT AND THE DISTRICT COURTS FROM ASSERTING JURISDICTION OVER A STATE LAW LEGAL MALPRACTICE CLAIM IN WHICH PATENT LAW IS NOT ESSENTIAL TO AT LEAST ONE THEORY OF RECOVERY

In any determination of the propriety of the removal of an action to federal court pursuant to 28 U.S.C. § 1331, there must be an examination of

whether the exercise of federal jurisdiction is "consistent with congressional judgment about the sound division of labor between state and federal courts ..." *Grable & Sons Metal Products, Inc. v. Darue Engineering & Mfg.*, 545 U.S. 308, 313-314 (2005). Ohio has a comprehensive system for the adjudication of legal malpractice claims. No such system exists under federal law for bringing non-diverse malpractice claims against lawyers or patent lawyers. The stark absence of a federal remedy is an indication that Congress intends legal malpractice cases to be resolved in state courts rather than in federal courts.

As demonstrated by Davis' Amended Complaint, not every legal malpractice claim against a patent attorney necessarily depends on resolution of a substantial question of federal patent law requiring federal patent jurisdiction. Conferring the power to base federal patent jurisdiction based on theories advanced during litigation and not on the four corners of plaintiff's complaint would radically expand the class of removable cases, contrary to the "[d]ue regard for the rightful independence of state governments" that this Court's precedent addressing removal require". *Holmes Group, Inc.* at 832, see, *Shamrock Oil & Gas Corp. v. Sheets*, 313 U.S. 100, 109 (1941).

This Court recognized in *Franchise Tax Board* "[w]e have often held that a case 'arose under' federal law where the vindication of a right under state law necessarily turned on some construction of federal law." *Id.* at 9. The vindication of a legal malpractice

claim under state law does not necessarily turn on construction of federal patent law.

V. THIS CASE IS A GOOD VEHICLE FOR RESOLVING THE QUESTIONS PRESENTED

Long standing Supreme Court precedent has made it clear that the Plaintiff is "master of his complaint," and that federal court jurisdiction must be determined by reference only to the four corners of the Plaintiff's complaint. *See, Taylor v. Anderson*, 234 U.S. 74, 75-76 (1914). Despite this long standing precedent, the Federal Circuit has extended the determination of federal patent jurisdiction to include answers at a deposition.

This Court has previously expressly rejected consideration of a patent law counterclaim in determining federal patent law jurisdiction. *Holmes Group, Inc.* This case presents the opportunity for the Court to address whether consideration of deposition answers in determining federal patent law jurisdiction is appropriate or not.

Moreover, there is unlikely to be a better case presented any time soon. Davis' amended complaint clearly sets forth a single state law claim for legal malpractice under state law. Since the four corners of Davis' Amended Complaint did not set forth a federal patent law claim, the Federal Circuit relied upon deposition answers to extend federal patent jurisdiction. The Court should take this opportunity to restore the law for federal patent jurisdiction under 35 U.S.C. § 1338.

CONCLUSION

For these reasons, the petition for a writ of certiorari should be granted.

Respectfully Submitted,

Steven D. Bell
Counsel of Record
Steven D. Bell Co., L.P.A
Millside Centre-Suite 11
8803 Brecksville Road
Brecksville, Ohio 44141
(216) 925-5484
steve@stevebell-law.com

Jeffrey R. Sadlowski
Jeffrey R. Sadlowski, LLC
14414 Detroit Ave, Ste 108
Lakewood, Ohio 44107
(216) 925-5482

Himanshu S. Amin
57th Floor, Suite 1
Key Tower
127 Public Square
Cleveland, Ohio 44114
(216) 535-7999

APPENDIX

APPENDIX

A. Opinion of the U.S. Court of Appeals for the Federal Circuit (Mar. 2, 2010).....1a

B. Order of the U.S. District Court for the Northern District of Ohio (May 29, 2010)...19a

APPENDIX A

United States Court of Appeals,

Federal Circuit.

Heather A. DAVIS, Plaintiff-Appellant,

v.

BROUSE McDOWELL, L.P.A. and Daniel A. Thomson, Defendants-Appellees.

No. 2009-1395.

March 2, 2010

Steven D. Bell, Steven D. Bell Co., L.P.A., of Brecksville, OH, argued for plaintiff-appellant. Of counsel on the brief were Jeffrey R. Sadlowski, Jeffrey R. Sadlowski, LLC, of Brecksville, OH, and Himanshu S. Amin, Himanashu S. Amin, LLC, of Cleveland, OH.

James A. King, Porter, Wright, Morris & Arthur LLP, of Columbus, OH, argued for defendants-appellees. With him on the brief was Bryan R. Faller.

Before NEWMAN, BRYSON, and MOORE, Circuit Judges.

MOORE, Circuit Judge.

Heather A. Davis appeals from a decision of the United States District Court for the Northern District of Ohio granting summary judgment in favor of Daniel A. Thomson and Brouse McDowell,

L.P.A. (collectively, Defendants). Because the district court correctly determined that Ms. Davis failed to introduce evidence sufficient to establish a genuine issue of material fact as to an essential element of her case, we affirm.

I. BACKGROUND

Ms. Davis is a solo inventor who developed the website, search engine, and business known as The IP-Exchange. Ms. Davis describes The IP-Exchange as a social networking platform targeted at "intellectual property professionals and non-professionals alike." In 2003, Ms. Davis contacted Mr. Thomson, an attorney who was then employed by the Ohio-based law firm Brouse McDowell, L.P.A. Ms. Davis requested general information about patent protection and told Mr. Thomson that she was particularly interested in obtaining international patent coverage.

Mr. Thomson responded by sending Ms. Davis a letter explaining various aspects of the Patent Cooperation Treaty (PCT), which provides a unified procedure for filing a single patent application in multiple countries. Mr. Thomson's letter discussed the advantages of filing patent applications under the PCT and the deadlines and costs associated with PCT applications. The letter did not mention the "absolute novelty" rule that applies in certain countries to bar an inventor from obtaining a patent if she has publicly disclosed her invention prior to filing an application. Ms. Davis went live with her IP-Exchange website in 2005.

On January 20, 2006, Ms. Davis filed two provisional patent applications with the United States Patent and Trademark Office (PTO). These provisional applications related to The IP-Exchange website and search engine, respectively. Under 35 U.S.C. § 119(e), Ms. Davis was required to file a U.S. non-provisional (or utility) patent application within one year of filing the corresponding provisional application if she wanted to retain the January 20, 2006 priority date. Similarly, Ms. Davis had one year from the filing date of the provisional application to file any PCT applications. See Paris Convention for the Protection of Industrial Property art. 4(A), March 20, 1883, 21 U.S.T. 1583. This one-year limit set the filing deadline for Ms. Davis's utility and PCT applications as Monday, January 22, 2007.

On Wednesday, January 17, 2007-five days before the filing deadline for the utility and PCT applications-Ms. Davis again contacted Mr. Thomson. She told him about the provisional applications relating to The IP-Exchange and the upcoming deadline for filing corresponding utility applications, and she asked if he could prepare and file U.S. utility and PCT applications on or before the following Monday, January 22. Mr. Thomson agreed to prepare and file the applications by the deadline. However, he told Ms. Davis that he was leaving the following day for vacation and would not return until Monday. He asked Ms. Davis to provide him with all necessary files before he left.

On Thursday, January 18, Ms. Davis sent Mr. Thomson an email with an attachment containing fourteen pages of single-spaced claims that she

believed could be used for her inventions. Ms. Davis told Mr. Thomson's assistant that she had an additional 275 pages of material relating to the inventions that she wanted to provide to Mr. Thomson. Due to technical difficulties, however, Ms. Davis was unable to provide Mr. Thomson's assistant with these materials until the day after he left.

Mr. Thomson returned from his vacation as scheduled, on Monday, January 22. Defendants concede that no other Brouse McDowell attorney worked on Ms. Davis's applications during his absence. Mr. Thomson copied content from Ms. Davis's provisional applications to create three corresponding U.S. utility patent applications and filed the utility applications by the end of the day. Due to the looming deadline, Mr. Thomson planned to get the applications on file and " go back and clean [them] up" later. J.A. 1394 (Thomson Dep. 119:23-24, July 1, 2008). He did not file any PCT applications on January 22. Ms. Davis alleges that the U.S. applications prepared and filed by Mr. Thomson were deficient in various respects and that these deficiencies ultimately precluded her from securing patents on her inventions.

That evening, Ms. Davis contacted Mr. Thomson via telephone and email to verify the status of the PCT applications. Mr. Thomson responded, in an email sent at 10:47 p.m., that he had not filed any PCT applications. He explained that " I do not think it is worth spending the money, since you will not be able to obtain patent protection in Europe." J.A. 1347. After further discussion with Ms. Davis the

next day, Mr. Thomson agreed to prepare the requested PCT applications. He filed the PCT applications on January 25, 2007.

The relationship between Ms. Davis and Mr. Thomson continued to deteriorate, and in June 2007 Mr. Thomson withdrew his representation of Ms. Davis before the PTO. Ultimately, Ms. Davis's patent applications went abandoned. Ms. Davis asserts that because her inventions lacked patent protection her investors withdrew their funding, leaving her unable to operate The IP-Exchange as a business.

In January 2008, Ms. Davis sued Defendants in the Court of Common Pleas for Summit County, Ohio. The originally filed complaint alleged that Defendants committed malpractice by failing to timely file three PCT applications on Ms. Davis's inventions. Ms. Davis amended her complaint in May 2008 to allege that Defendants committed malpractice by failing to file the three PCT applications as well as by " other omissions."

In June 2008, Defendants removed the action to federal court. Defendants explained in their Notice of Removal that Ms. Davis had testified at deposition that the " other omissions" recited by the complaint included Mr. Thomson's alleged negligence in preparing and filing the U.S. applications. Defendants asserted that adjudicating Ms. Davis's malpractice claims would necessarily involve a resolution of the patentability of her inventions. Therefore, according to Defendants, Ms. Davis's claims raised a substantial question of federal patent

law over which the district court had exclusive jurisdiction pursuant to 28 U.S.C. § 1338(a).

The parties engaged in discovery, exchanged expert reports, and deposed each others' experts. Defendants then filed a motion for summary judgment seeking dismissal of Ms. Davis's claims, and Ms. Davis filed a motion for partial summary judgment on Defendants' affirmative defenses. The court granted Defendants' motion in its entirety, dismissed Ms. Davis's motion as moot, and entered judgment in favor of Defendants. Ms. Davis appeals.

II. DISCUSSION

A.

We must first determine whether we have jurisdiction over this appeal. Pursuant to 28 U.S.C. § 1295(a)(1), we have exclusive jurisdiction over an appeal from a final district court decision if the court's jurisdiction was based at least in part on 28 U.S.C. § 1338. Section 1338(a) provides that federal district courts have exclusive jurisdiction over actions "arising under any Act of Congress relating to patents." Here, the district court determined that it had jurisdiction over Ms. Davis's malpractice claim pursuant to 28 U.S.C. § 1338(a). We review the court's jurisdictional determination without deference. *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1267 (Fed.Cir.2007).

The Supreme Court set forth the test for determining whether a district court has jurisdiction pursuant to 28 U.S.C. § 1338(a) in *Christianson v.*

Colt Indus. Operating Corp., 486 U.S. 800, 108 S.Ct. 2166, 100 L.Ed.2d 811 (1988): jurisdiction extends to those cases "in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims." *Id.* at 808-09, 108 S.Ct. 2166. If the well-pleaded complaint presents multiple theories supporting a claim, that claim " may not form the basis for § 1338(a) jurisdiction unless patent law is essential to each of those theories." *Id.* at 810, 108 S.Ct. 2166.

Ms. Davis's cause of action for legal malpractice arises under Ohio state law. Therefore, we must determine whether patent law is a "necessary element" of a claim presented in her complaint. *Id.* at 809, 108 S.Ct. 2166. To establish a cause of action for legal malpractice based on negligent representation in Ohio, a plaintiff must show: " (1) that the attorney owed a duty or obligation to the plaintiff, (2) that there was a breach of that duty or obligation and that the attorney failed to conform to the standard required by law, and (3) that there is a causal connection between the conduct complained of and the resulting damage or loss." *Vahila v. Hall,* 77 Ohio St.3d 421, 674 N.E.2d 1164, 1169 (1997). Ms. Davis's complaint alleges that she had an attorney-client relationship with Defendants and that Defendants breached their duty to her by failing to timely file the PCT applications and by "other omissions." Ms. Davis testified at deposition that these "other omissions" related largely to Mr.

Thomson's alleged negligence in preparing and filing the U.S. applications.

Defendants argue that the resolution of Ms. Davis's allegations relating to the U.S. patent applications will necessarily involve substantive issues of U.S. patent law and assert that § 1338(a) jurisdiction exists on this basis. Ms. Davis responds that her allegations relating to the U.S. applications comprise an alternative theory supporting a single claim for legal malpractice. It is undisputed that Ms. Davis's allegations relating to the PCT applications do not raise any issue of U.S. patent law. Therefore, if Ms. Davis's complaint merely presents alternative theories, the district court did not have jurisdiction over this case. *See Christianson*, 486 U.S. at 810, 108 S.Ct. 2166 (" a claim supported by alternative theories in the complaint may not form the basis for § 1338(a) jurisdiction unless patent law is essential to each of those theories").

We agree with Defendants that Ms. Davis's complaint presents multiple claims for legal malpractice. A "claim" is broadly defined as the "aggregate of operative facts giving rise to a right enforceable by a court." *Black's Law Dictionary* 264 (8th ed.2004). Ms. Davis's allegations of attorney malpractice arise out of different sets of operative facts. On the one hand, she alleges that Mr. Thomson committed malpractice simply by failing to file the PCT applications on or before January 22, 2009. Additionally, however, she alleges that Mr. Thomson committed malpractice by performing various acts of negligence in connection with the preparation and filing of the U.S. applications for

example, she asserts that Mr. Thomson drafted inadequate claims; failed to include information sufficient to comply with the requirements of 35 U.S.C. § 112, ¶ 1; and failed to apply any of his own legal expertise to synthesize the descriptive materials she provided into a cohesive specification. Therefore, Ms. Davis's complaint presents at least two distinct claims: one relating to Mr. Thomson's preparation and filing of the U.S. applications and one relating to his failure to timely file the PCT applications.

Defendants argue that patent law is a necessary element of Ms. Davis's malpractice claim relating to the U.S. applications. Specifically, Defendants assert-and the district court agreed-that Ms. Davis's claim should be subject to Ohio's "case-within-a-case" doctrine. This doctrine applies in certain malpractice cases to require the plaintiff to prove that she would have been successful in the underlying matter but for the alleged malpractice. *See Vahila*, 674 N.E.2d at 1168-69. If the case-within-a-case doctrine applies to Ms. Davis's claim, she can prevail only by proving that U.S. patents would have issued on her applications but for Defendants' malpractice-i.e., that her inventions were patentable under U.S. law.

Ms. Davis relies on the Ohio Supreme Court's decision in *Vahila* to argue that her claim is not subject to the case-within-a-case doctrine. In *Vahila*, the Ohio Supreme Court rejected the argument that the causation element of the legal malpractice standard should be replaced by a categorical application of the case-within-a-case doctrine. *Id.* at

1168-69. The court recognized that the burden this doctrine imposes on malpractice plaintiffs is substantial and often unjust, particularly where the plaintiffs, like the appellants in *Vahila,* "arguably sustained damage or loss regardless of the fact that they may be unable to prove that they would have been successful in the underlying matter(s) in question." *Id.* at 1169. Thus, the court stated that it could not endorse "a blanket proposition that requires a plaintiff to prove, in every instance, that he or she would have been successful in the underlying matter." *Id.* at 1170. The court emphasized, however, that the case-within-a-case doctrine remained viable: "the requirement of causation often dictates that the merits of the malpractice action depend upon the merits of the underlying case. Naturally, a plaintiff in a legal malpractice action may be required, depending on the situation, to provide some evidence of the merits of the underlying claim." *Id.* at 1170-71.

The court confirmed the continuing applicability of the case-within-a-case doctrine in *Environmental Network Corp. v. Goodman Weiss Miller, L.L.P.,* 119 Ohio St.3d 209, 893 N.E.2d 173 (2008), holding that the doctrine applies to legal malpractice cases in which the plaintiff's recovery depends upon its success in the underlying action. *Id.* at 175. In *Environmental Network,* the appellees alleged that their attorneys had coerced them into settling the case. As their sole claim for recovery, the appellees argued that they would have obtained a better result if the case had been tried to conclusion. *Id.* at 177. The court observed that "unlike the plaintiffs in *Vahila,* who sustained losses regardless of whether

their underlying case was meritorious," the appellees could prove causation and damages only if they established that " they would have succeeded in the underlying case and that the judgment would have been better than the terms of the settlement." *Id.* Therefore, "the theory of [the] malpractice case place[d] the merits of the underlying litigation directly at issue," and the case-within-a-case doctrine applied; appellees " had the burden of proving by a preponderance of the evidence that but for appellant's conduct, they would have received a more favorable outcome in the underlying matter." *Id.* at 177-78.

Ms. Davis's malpractice claim relating to the U.S. applications is analogous to the claim at issue in *Environmental Network*. Ms. Davis alleges that Mr. Thomson breached his duty to her by negligently preparing and filing the U.S. applications. She further alleges that Mr. Thomson's negligence ultimately cost her the opportunity to secure patents on her inventions and that her investors withdrew their financial commitments as a result of her failure to secure patent protection. Unless Ms. Davis would have received patents on her inventions if the applications had been competently drafted-i.e., unless her inventions were patentable-Mr. Thomson's negligence could not have caused her to suffer any damages. As in *Environmental Network*, therefore, Ms. Davis's theory of recovery "places the merits of the underlying [patent prosecution] directly at issue." *Id.* The district court correctly determined that the case-within-a-case doctrine applies to Ms. Davis's legal malpractice claim.

Because the case within a case doctrine applies, Ms. Davis must prove, by a preponderance of the evidence, that she would have obtained patents on her inventions but for Mr. Thomson's alleged negligence. *Id.* at 177-78. The patentability of Ms. Davis's inventions is controlled by U.S. patent law. Therefore, patent law is a necessary element of one of the legal malpractice claims presented in Ms. Davis's complaint, and the district court properly exercised jurisdiction pursuant to 28 U.S.C. § 1338(a).

B.

Before we reach the merits, we must address Ms. Davis's evidentiary contentions. We review evidentiary rulings that are not unique to our jurisdiction under the law of the regional circuit. *Advanced Cardiovascular Sys., Inc. v. Medtronic, Inc.*, 265 F.3d 1294, 1308 (Fed.Cir.2001). The Sixth Circuit reviews a district court's evidentiary rulings for abuse of discretion. *See Dickenson v. Cardiac & Thoracic Surgery of E. Tenn., P.C.*, 388 F.3d 976, 980 (6th Cir.2004).

Ms. Davis argues that the district court abused its discretion in striking paragraph 5 of the affidavit of her patent law expert, Mr. O'Shaughnessy, which she filed in support of her motion for partial summary judgment. In paragraph 5, Mr. O'Shaughnessy opined that " an assessment of the patentability of an invention can be and routinely is performed without knowing what claims will eventually be made ... [or] issue in a patent on that invention." J.A. 955. Mr. O'Shaughnessy also stated that he had performed "such a patentability

analysis" and that he concluded Ms. Davis's inventions were patentable based on this analysis. *Id.*

The district court agreed with Defendants that Mr. O'Shaughnessy's opinion regarding the nature of a "patentability assessment" had not appeared in his earlier-filed expert report. The court also agreed that the assertions of paragraph 5 conflicted with Mr. O'Shaughnessy's statements at deposition, where he testified that " patentability" referred to the question of whether claims were patentable over prior art and that he had never performed any patentability analysis. Further, the court observed that the opinions and assertions of paragraph 5 were clearly relevant to Defendants' case: Defendants had attacked Mr. O'Shaughnessy's expert report primarily on the basis that he did not perform an adequate patentability assessment and had already deposed Mr. O'Shaughnessy on that point. Under the circumstances, the court determined that it would be unjust to consider these newly raised opinions and assertions, and struck paragraph 5 for that reason. In view of Mr. O'Shaughnessy's inconsistent deposition testimony and his failure to include the patentability opinion of paragraph 5 in his expert report, the court did not abuse its discretion in striking paragraph 5.

C.

The district court granted summary judgment in favor of Defendants. We review a grant of summary judgment *de novo*, reapplying the same standard as the district court. *Gemtron Corp. v. Saint-Gobain Corp.*, 572 F.3d 1371, 1379 (Fed.Cir.2009).

"Summary judgment is appropriate when there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law." *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1286 (Fed.Cir.2007) (internal citation omitted). "Summary judgment must be granted against a party who has not introduced evidence sufficient to establish the existence of an essential element of that party's case, on which the party would bear the burden of proof at trial." *Univ. of W. Va., Bd. of Trs. v. Van Voorhies*, 278 F.3d 1288, 1295 (Fed.Cir.2002).

To prevail on a claim for legal malpractice based on negligent representation, the plaintiff must establish that the attorney owed a duty to the plaintiff; that the attorney breached that duty and failed to conform to the standard required by law; and that "there is a causal connection between the conduct complained of and the resulting damage or loss." *Vahila*, 674 N.E.2d at 1169. As discussed above, the case-within-a-case doctrine applies to Ms. Davis's malpractice claim relating to the U.S. applications. For similar reasons, the case-within-a-case doctrine applies to her malpractice claim relating to the PCT applications. Therefore, to satisfy the causation prong of the malpractice standard Ms. Davis must prove, by a preponderance of the evidence, that she would have received patents on her inventions but for Mr. Thomson's alleged negligence in preparing and filing the applications. *Environmental Network*, 893 N.E.2d at 178 (noting "the established rule that a plaintiff must establish by a preponderance of the evidence that defendant's actions were the proximate cause of plaintiff's losses").

Ms. Davis's patent law expert, Mr. O'Shaughnessy, devoted the majority of his report to explaining the ways in which the applications Mr. Thomson prepared and filed, as well as his legal advice, were deficient. We agree with the district court that Mr. O'Shaughnessy's report provides sufficient evidence to establish a genuine issue of material fact as to whether Mr. Thomson breached a duty he owed to Ms. Davis as her attorney. Mr. Thomson went on vacation, missed filing dates, and, by his own admission, filed an application which he realized contained a poorly drafted specification and claims which he intended to repair at a later time. This is certainly not standard or adequate patent attorney representation, especially if, as Ms. Davis alleges, he did not inform her of his intention to proceed this way.

However, even if Ms. Davis can establish that Mr. Thomson breached a duty to her, she must still also prove causation, i.e., that absent his breach she would have obtained a patent. With respect to patentability-the critical issue for causation-Mr. O'Shaughnessy opined only that " but for the legal malpractice of Brouse McDowell identified throughout this report, Ms. Davis would have been awarded [U.S.] patents on her inventions" and that he had seen nothing in Brouse McDowell's files or in the depositions taken in the case that " would have blocked her ability to have secured commercially meaningful patents on her inventions." J.A. at 1207. Mr. O'Shaughnessy's report did not even address the patentability of Ms. Davis's inventions under foreign patent law. The district court observed that Mr. O'Shaughnessy had not performed a prior art search

or a "patentability analysis," nor had he identified particular claims that could be made for Ms. Davis's inventions. Therefore, the court found that Mr. O'Shaughnessy's patentability opinion lacked adequate foundation and could not be relied upon by Ms. Davis as evidence of patentability.

We agree with the district court's conclusion. "We look to regional circuit law for the applicable standard controlling the factual foundation necessary to support an expert's opinion, which is not a matter peculiar to patent law." *Novartis Corp. v. Ben Venue Labs., Inc.*, 271 F.3d 1043, 1051 (Fed.Cir.2001). In the Sixth Circuit, "[c]onclusory statements unadorned with supporting facts are insufficient to establish a factual dispute that will defeat summary judgment." *Alexander v. CareSource*, 576 F.3d 551, 560 (6th Cir.2009). Mr. O'Shaughnessy's opinion that Ms. Davis's inventions are patentable is precisely this type of conclusory statement. His expert report contains no affirmative analysis supporting his opinion on patentability; instead, the opinion is followed only by the equally conclusory assertion that Mr. O'Shaughnessy has seen nothing to "block" this patentability. An unsupported opinion such as this cannot and does not create a genuine issue of material fact as to the patentability of Ms. Davis's inventions.

To be clear, however, we reject the suggestion that Ms. Davis would have had to identify claims for her inventions or perform a patentability analysis similar to that required in an invalidity trial. Ms. Davis's ultimate burden in this case is to establish the likelihood that her inventions would have been

held patentable on examination in the PTO or any applicable national patent office, in accordance with the criteria of patentability applied during examination. At the summary judgment stage, she had only to introduce evidence sufficient to establish an issue of material fact as to patentability. Ms. Davis could have satisfied this initial burden in any number of ways. For example, in this case the PTO had issued rejections with respect to two of Ms. Davis's three U.S. applications prior to the date of Mr. O'Shaughnessy's expert report. Mr. O'Shaughnessy could have reviewed the prior art references cited in the office actions and discussed their effect on patentability. The case law is clear, however, that an expert's naked conclusion is insufficient to survive summary judgment. *Id.* at 560. Because that is the only evidence of patentability that Ms. Davis proffered with respect to her U.S. applications–and because she proffered no evidence at all with respect to her PCT applications–we agree with the district court that she failed to establish a genuine issue of material fact as to the patentability of her inventions.

Because Ms. Davis failed to establish a genuine issue of material fact as to the patentability of her inventions, she cannot prevail on the causation element of her malpractice claim as a matter of law. Therefore, the district court properly granted Defendants' motion for summary judgment and entered judgment in their favor. We need not reach the district court's alternative conclusion that Ms. Davis failed to introduce evidence sufficient to raise an issue of material fact as to damages.

III. CONCLUSION

We conclude that the district court properly exercised jurisdiction over Ms. Davis's malpractice cause of action. We also conclude that the district court did not abuse its discretion in striking portions of the supplemental affidavit of Ms. Davis's patent law expert. Finally, we conclude that Ms. Davis failed to introduce evidence sufficient to establish a genuine issue of material fact as to the patentability of her inventions and that the district court properly granted summary judgment in favor of Defendants. For these reasons, the judgment of the district court is

AFFIRMED.

COSTS

No costs.

APPENDIX B

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION
5:08CV1356
Order dated: May 22, 2009

HEATHER ALISHA DAVIS,
PLAINTIFF,
vs.

BROUSE McDOWELL, a Legal Professional Association, et al,
Defendants.

MEMORANDUM OPINION

This matter is before the Court on the motion of defendants, Brouse McDowell and Daniel A. Thomson, for summary judgment (Doc. No. 22), and the motion of Plaintiff Heather Alisha Davis for partial summary judgment. (Doc. No. 23.)

Pursuant to Fed. R. Civ. P. 56(c), defendants request that the Court dismiss all of the claims raised by plaintiff in her Amended Complaint. (Doc. No. 1.) By her dispositive motion, plaintiff seeks an order dismissing all of the affirmative defenses asserted by defendants in their Answer to the Amended Complaint. (Doc. No. 8.) Both motions have been fully briefed and are ripe for decision.

I.

FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff Heather Alisha Davis (plaintiff or Davis) is an inventor, who developed a website, search engine, and business known as The IP-Exchange where intellectual property could be bought and sold. Through her inventions, Davis hoped to invite inventors, sellers, and buyers of intellectual property to a virtual community where they could pursue various investment opportunities involving patents, trademarks, and copyrights. According to Davis's financial model, visits to the IP-Exchange by interested buyers and sellers were to be free of charge, with revenue generated through advertisement listings on the website. (Doc. No. 22, Ex. A, Excerpts of the Deposition of Heather Alisha Davis, p. 97.)

This is not, however, a patent case. While important patent law issues loom large in the background, and give this Court jurisdiction over the matter, the case presents as a legal malpractice action. Thus, to set the stage, it is important to lay out the legal relationship that developed between Davis and defendants. In late 2003, Davis first contacted defendant Dan Thomson (Thomson), then a partner in the law firm of defendant Brouse McDowell[1], to "find out just some general questions

[1] According to defendants, Thomson "left Brouse McDowell voluntarily in 2008 to start his own patent law firm with former Brouse McDowell attorney, Roger Emerson." (Doc. No. 22, Defendants' Summary Judgment Motion, p. 7, n. 21.)

about intellectual property." (Davis Dep., p. 45.) The two spoke over the phone, and during their conversation Davis explained that she was interested in finding an attorney she could work with to "eventually" assist her in obtaining patents for her inventions. (*Id.*, p. 46.) She was especially interested in determining the steps that she would need to take to obtain international patent coverage for her inventions.

Thomson responded with what defendants have termed a "marketing letter." This letter, dated December 18, 2003, addressed the general law relating to the Patent Cooperation Treaty (PCT), which, according to the letter, is a treaty "designed to harmonize patent law coverage between member countries and to make it easier for an inventor to obtain worldwide patent coverage." (Doc. No. 25, Ex. 15.) *See Nichols Inst. Diagnostics, Inc. v. Scantibodies Clinical Lab., Inc.*, 218 F. Supp. 2d 1243, 1244 (S.D. Cal. 2002) ("The PCT provides a procedure for filing a patent application on the international level so that subsequent applications in different nations can claim priority based on the filing date for the international application.") It explored the benefits of invoking the PCT, the filing deadlines for foreign patent applications, and the costs associated with such filings. The letter, however, omitted any mention of the "absolute novelty" requirement that applies in certain foreign countries. While the patent laws of the United States grant a one-year "grace period" for the filing of a patent application following public disclosure of an invention, foreign countries applying the "absolute novelty rule" will deny a patent to anyone who has

publically disclosed the invention before seeking a patent. *See Becton, Dickinson & Co. v. Sherwood Medical Indust., Inc.*, 516 F.2d 514, 523 (5th Cir. 1975). Davis contends that this omission constituted Thomson's first act of malpractice. Interestingly, Davis testified in her deposition that she does not remember ever receiving Thomson's December 18, 2003 letter, or relying on its contents. (Davis Dep., p. 111.)

Along with the "marketing letter," Thomson mailed Davis a proposed engagement letter. She never signed it. Further, Davis testified in her deposition that she did not retain Thomson in 2003, and is unaware if she had any other communications with him in 2003.[2] (Davis Dep., p. 46.) It is undisputed that she did not meet with Thomson in person in 2003. (*Id.*) She testified that she remembers a telephone conversation with Thomson around November 2004, during which she believes she discussed with Thomson her plans to launch The IP-Exchange website. Davis did not remember using Thomson or any other attorney from Brouse McDowell for legal services in 2005. (*Id.*, p. 48; Doc. No. 22, Davis Dep. II, p. 211.)

Davis continued to pursue her dream of launching her website. In or around November 2004, Davis contacted Dwight Stauffer, a patent agent, to

---

[2] Davis testified that "around the first year that we [Davis and Thomson] met on the phone, Thomson took it upon himself to do a trademark search for me and billed me without my authorization on the phone." She believed that Thomson charged her either $200 or $300 for the search. (Davis Dep., p. 47.)

prepare a provisional patent application for The IP-Exchange website.[3] Stauffer filed the application with the USPTO on December 2, 2004. Under federal patent laws, Davis had one year[] until December 2, 2005[] to file a non-provisional application if she wanted to secure the December 2, 2004 priority date. 35 U.S.C. § 119(e).

In January, 2005, Davis launched her website. Davis maintains that, due to Thomson's allegedly deficient advice, she was unaware that by making her website public prior to filing her non-provisional applications she invoked the "absolute novelty rule" and jeopardized her right to obtain patents in Europe, Asia, and elsewhere. She testified, however, that she does not remember relying on the December 18, 2003 letter at the time she launched her website. (Davis Dep. II, p. 216.)

Davis did not follow up the 2004 provisional applications with non-provisional applications by December 2, 2005, and, therefore, lost the right to claim December 2, 2004 as the "priority date" for her patents. Instead, on January 20, 2006, Davis herself filed two provisional applications with the USPTO. (Davis Dep., p. 27.) The first application related to The IP-Exchange website, and was similar to the

---

[3] A provisional patent application is a less expensive type of patent application that does not require formal patent claims. To obtain a patent, the provisional patent must be followed by a more formal patent application, known as a non provisional patent that is filed with the United States Patent and Trademark Office (USPTO) within one year. *See* 35 U.S.C. § 111(b); 37 C.F.R. § 1.53(c). If a patent is ultimately awarded, the "priority date" for the patent will date back to the date of the provisional patent. 35 U.S.C. § 119(e)

provisional application prepared by Stauffer in 2004. (Davis Dep., pp. 85-86.) The second provisional application addressed the search engine. (Davis Dep., p. 16.) With this new filing, Davis now had until January 22, 2007 to file her non-provisional applications to claim the new priority date of January 20, 2006.[4]

On September 21, 2006, Davis sent an email to Thomson indicating that she may require assistance in registering a trademark for The IP-Exchange. (Doc. No. 22, Ex. J, Deposition of Daniel Thomson, p. 96; Davis Dep., p. 48.) The two exchanged several emails, but the trademark was never pursued. Thomson testified that he never prosecuted the trademark for Davis because she failed to provide him with the information he had requested. (Thomson Dep., p. 97.) Davis recalled that she did not have the money at the time to follow through with the trademark. (Davis Dep., p. 54.)

Thomson did not hear from Davis again until January 17, 2007. (Thomson Dep., p. 28; Doc. No. 25, p. 9.) Davis called Thomson and reported that the USPTO was threatening to consider her 2006 provisional applications abandoned because she did not pay the correct filing fees. She also informed Thomson that she had only five days[] until January 22, 2007[] to file the non-provisional applications to preserve the January 20, 2006 "priority date". (Doc. No. 25, p. 1.) She asked Thomson if he could prepare and file the applications.

---

[4] Because January 20, 2007 was a Saturday, the USPTO rules extended the deadline until the next business day, Monday, January 22, 2007.

Thomson agreed to perform the work, despite the short time-frame. He informed Davis, however, that he was leaving the next day to go out of town for the weekend. He asked Davis to provide him with all of the necessary files as soon as possible, preferably before he left town. (Thomson Dep., pp. 111-12.)

On Thursday, January 18, 2009, Davis sent Thomson an email, appended to which were 14 pages of single-spaced patent claims that Davis believed could be made for her inventions. (Doc. No. 25, Ex. 20, email with attachment.) Davis informed Thomson's secretary, Debra Kempthorn, that she had an additional 275 pages of materials that she wished to get to Thomson. Unfortunately, Davis encountered problems with her phone on Thursday, January 18, 2009. Thomson emailed Davis Thursday morning reminding her to send the materials as soon as possible as he was leaving that afternoon for vacation. (Thomson Dep., p. 112.) Having received no response, he repeated the request several hours later in a follow-up email. (*Id.*) Late Thursday afternoon, Davis responded by contacting Kempthorn, and advised her that her facsimile machine was not working. (Davis Dep., pp. 116-17.)

Kempthorn met with Davis on Friday, January 19, 2007, at a Taco Bell restaurant to exchange the files. Kempthorn brought an engagement letter for Davis to sign, and Davis brought $5,000.00 to serve as a retainer. (Doc. No. 22, Ex. K, Deposition of Debra Kempthorn, pp. 19-20, 29-30; Thomson Dep., p. 108.) The meeting lasted about an hour. Kempthorn returned with the files, and left them on Thomson's desk, along with her typed-written notes from the

meeting. The notes included the comment that "PCT applications will be needed in the future." (Kempthorn Dep., 37 and Dep. Ex. U.)

Davis believed that one or more attorneys from Brouse McDowell would be working on the applications in Thomson's absence. Davis maintains, and defendants do not deny, that no other attorney performed any work on the file before Thomson returned from his trip. (Doc. No. 25, Ex. 1, Affidavit of Heather Alisha Davis, ¶ 16; Thomson Dep., p. 111.)

Thomson returned to work on Monday, January 22, 2007. Because of the impending filing deadline, "Thomson's intent was to prepare and file the non-provisional patent applications by the end of the day, and then 'clean them up' later." (Doc. No. 22, p. 10; Thomson Dep., pp. 119-20.) He ultimately prepared three U.S. non-provisional patent applications that related to Davis's January 2006 provisional applications. Thomson concedes that he simply copied from those provisional applications, though he insists that he ensured that all material aspects of her inventions as Davis described them were incorporated. (Doc. No. 22, p. 11.) Thomson filed the applications at the end of the day on January 22, 2007. He did not, however, file any PCT applications. Davis contends that the applications Thomson did file were woefully deficient, constituting malpractice, and Thomson's failure to file the PCT applications represented a separate instance of malpractice. (Doc. No. 25, pp. 12-13; Affidavit of James O'Shaughnessy, ¶ 16.)

Davis tried to contact Thomson that same evening. After several failed attempts to reach Thomson by phone, Davis sent him an email, asking him whether he filed the PCT applications. An hour later, she sent a second email to Thomson, indicating that she was "deeply concerned about the PCTs." (Davis Dep., p. 141.) Thomson responded several hours later. He informed Davis that, based on their prior conversation, he did not think that it was worth spending the money on the PCTs because Davis's premature launch of her website precluded her from obtaining patent coverage in Europe. (Thomson Dep., pp. 138-39.)

Thomson and Davis discussed the situation involving the PCTs the following day. Davis told Thomson that she had previously instructed him to file the PCTs. Thomson responded that he did not understand that to be the case, and that, in any event, he believed that, based on prior discussions, Evans understood the futility of such a course of action. (Doc. No. 25, Ex. 22.) Thomson eventually agreed to prepare the PCTs, which were filed with the USPTO on January 25, 2007. (Thomson Dep., p. 152.)

The relationship between Thomson and Davis continued to deteriorate. On March 15, 2007, Davis complained to Thomson about his failure to file the PCTs by January 22, 2007. She also suggested that she was contemplating filing disciplinary charges against him with the USPTO. (Davis Dep., p. 175.) Thomson suggested that they should part company. He informed Davis that he would be withdrawing as her attorney before the USPTO. On March 21, 2007,

Thomson mailed to the USPTO his request to withdraw as Davis's attorney.

Surprisingly, about a week later, on March 21, 2007, Davis contacted Brouse McDowell and spoke with Roger Emerson, then the chair of Brouse McDowell's Intellectual Property practice group. She told Emerson that she wished to continue working with Thomson.[5] Emerson followed up this conversation with a new engagement letter that he sent to Davis. The letter memorialized their phone conversation, and called upon Davis to agree that Thomson had not committed legal malpractice in his past representation. Davis never signed the letter.

On June 29, 2007, the USPTO granted two of Thomson's three requests to withdraw as Davis's counsel. Defendants maintain that the third request was "apparently misplaced" by the USPTO, and was not granted until July of 2008. (Doc. No. 22, p. 14, n. 64.)

Davis filed the present lawsuit on January 14, 2008 in the Summit County Court of Common Pleas. Defendants removed the action to federal court on June 4, 2009. In the Amended Complaint, Davis raises a single claim of legal malpractice. (Doc. No. 1, Ex. 2, Amended Complaint.) Specifically, Davis identifies several discrete acts of malpractice: (1) Thomson's failure to address the "absolute novelty rule" in the 2003 "marketing letter" and in the 2005 phone conversation; (2) Thomson's inadequate

[5] In her deposition, Davis testified that she "was desperate to get the patents completed [...]" and did not want to start over with another attorney. (Davis Dep., p. 181.)

patent applications filed January 22, 2007; and (3) Thomson's failure to file Davis's PCT applications by January 22, 2007. (Doc. No. 25, pp. 4, 12-13, 25; Ex. 2, Affidavit of James O'Shaughnessy, ¶ 16.)

At the outset, the Court notes that it has jurisdiction over this matter by virtue of 28 U.S.C. § 1338(a), which provides for federal jurisdiction over litigation involving patents. Generally, federal question jurisdiction only exists when a federal question is presented on the face of a plaintiff's properly pleaded complaint. *Caterpillar, Inc. v. Williams*, 482 U.S. 386, 392 (1987). However, in *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800 (1988), the Supreme Court recognized that ¶ 1338(a) jurisdiction "extends to any case 'in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims.'"[6] *Immunocept, LLC v. Fulbright & Jaworski*, 504 F.3d 1281, 1284 (Fed. Cir. 2007) (quoting *Christianson*, 486 U.S. at 809). As the following discussion will demonstrate, Davis's right to relief depends on a resolution of substantial questions of federal patent law.

---

[6] The Supreme Court has subsequently rephrased the *Christianson* test as a determination of whether "a state law claim necessarily raise[s] a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities." *Grabel & Sons Metal Prods., Inc. v. Darue Eng'g Mfg.*, 545 U.S. 308, 314 (2005).

II. STANDARD OF REVIEW

Federal Rule of Civil Procedure 56(c) governs summary judgment motions and provides:

> The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. [...]

Rule 56(e) specifies the materials properly submitted in connection with a motion for summary judgment:

> Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. [...] The court may permit affidavits to be supplemented or opposed by depositions, answers to interrogatories, or further affidavits. When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denial of the adverse party's pleading, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing

> that there is a genuine issue for trial. If the adverse party does not so respond, summary judgment, if appropriate, shall be entered against the adverse party.

However, the movant is not required to file affidavits or other similar materials negating a claim on which its opponent bears the burden of proof, so long as the movant relies upon the absence of the essential element in the pleadings, depositions, answers to interrogatories, and admissions on file. *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986).

In reviewing summary judgment motions, this Court must view the evidence in a light most favorable to the non-moving party to determine whether a genuine issue of material fact exists. *Adickes v. S.H. Kress & Co.*, 398 U.S. 144 (1970); *White v. Turfway Park Racing Ass'n.*, 909 F.2d 941, 943-44 (6th Cir. 1990). A fact is "material" only if its resolution will affect the outcome of the lawsuit. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). Determination of whether a factual issue is "genuine" requires consideration of the applicable evidentiary standards. Thus, in most civil cases the Court must decide "whether reasonable jurors could find by a preponderance of the evidence that the [non-moving party] is entitled to a verdict." *Id.* at 252.

Summary judgment is appropriate whenever the non-moving party fails to make a showing sufficient to establish the existence of an element essential to that party's case and on which that party will bear the burden of proof at trial. *Celotex*, 477 U.S. at 322.

Moreover, "the trial court no longer has a duty to search the entire record to establish that it is bereft of a genuine issue of material fact." *Street v. J.C. Bradford & Co.*, 886 F.2d 1472, 1479-80 (6th Cir. 1989) (citing *Frito-Lay, Inc. v. Willoughby*, 863 F.2d 1029, 1034 (D.C. Cir. 1988)). The non moving party is under an affirmative duty to point out specific facts in the record as it has been established which create a genuine issue of material fact. *Fulson v. Columbus*, 801 F. Supp. 1, 4 (S.D. Ohio 1992). The non-movant must show more than a scintilla of evidence to overcome summary judgment; it is not enough for the non-moving party to show that there is some metaphysical doubt as to material facts. *Id.*

III.

DISCUSSION

A. Defendants' Motion to Strike

Before the Court reaches the dispositive motions, it must address an evidentiary matter. Defendants have moved to strike various portions of the affidavits filed by Davis and one of her experts, James O'Shaughnessy. (Doc. No. 30.) Davis opposes the motion, and defendants have filed a reply. (Doc. Nos. 31 and 32, respectively.) By their motion, defendants seek to strike three opinions offered by O'Shaughnessy in affidavits on the ground that they represent new opinions not contained in his expert report, and Davis's expressed belief that she considered Thomson to be her attorney from 2003 to 2008, claiming that it contradicts her prior deposition testimony. (*See* Doc. No. 25, Ex. 1, Affidavit of Heather Alisha Davis□ O'Shaughnessy

Aff.; Doc. No. 28, Ex. 35, Supplemental Affidavit of Heather Alisha Davis; Ex. 36, Supplemental Affidavit of James O'Shaughnessy.) Defendants also claim that at least one of O'Shaughnessy's newly held opinion contradicts his deposition testimony.

In defense of the motion, Davis suggests that there is no support for the idea that a court may strike from the record affidavits which contradict prior deposition testimony. Davis is technically correct. Rule 12(f) of the Federal Rules of Civil Procedure, which provides for motions to strike, "relates only to pleadings and is inapplicable to other filings." *Dawson v. City of Kent*, 682 F. Supp. 920 (N.D. Ohio 1988), aff'd, 865 F.2d 257 (6th Cir. 1988).

Nonetheless, it is "well settled that a party cannot create a genuine issue of material fact by filing an affidavit after a motion for summary judgment has been filed that directly contradicts earlier deposition testimony." *Soehnlen v. Aultman Hosp.*, 2008 U.S. Dist. LEXIS 33832, *14 (N.D. Ohio Apr. 24, 2008). *See K & D Distrbs., Ltd.* v. *Aston Group*, 225 F.R.D. 550, 552 (N.D. Ohio 2005) ("[A] party cannot offer a witness's affidavit that contradicts that witness's prior testimony.")[1] *Holt v. Olmsted Twp. Bd. of Trustees*, 43 F. Supp. 2d 812, 817 (N.D. Ohio 1998) (citing *Reid v. Sears, Roebuck & Co.*, 790 F.2d 453 (6th Cir. 1986)). "Indeed, trial courts have a 'practice of disregarding an offsetting affidavit that is submitted in opposition to a motion for summary judgment when the affidavit contradicts the affiant's prior deposition.'" *Lytle v. Capital Area Intermediate Unit*, 2009 U.S. Dist. LEXIS 1430, *6 (M.D. Pa. Jan. 9, 2009) (quoting *Baer v. Chase*, 392 F.3d 609, 624

(3d Cir. 2004)). The refusal to consider contradictory filings, known as "sham affidavits", serves the important purpose of preserving the integrity of the summary judgment process. *See Lytle*, 2009 U.S. Dist. LEXIS 1430 at *7.

The Sixth Circuit has set forth a two-step analysis for district courts deciding the admissibility of a post-deposition affidavit at the summary judgment stage. *See Aerel, SRL v. PCC Airfoils, LLC*, 448 F.3d 899, 908 (6th Cir. 2006). First, the trial court must determine whether the affidavit directly contradicts prior deposition testimony. "A direct contradictory affidavit should be stricken unless the party opposing summary judgment provides a persuasive justification for the contradiction."[7] *Id.* "If, on the other hand, there is no direct contradiction, then the district court should not strike or disregard that affidavit unless the court determines that the affidavit 'constitutes an attempt to create a sham fact issue.'" *Id.* (quoting *Franks v. Nimmo*, 796 F.2d 1230, 1237 (10th Cir. 1986)).

Courts will also disregard opinions offered by expert witnesses that do not appear in their expert reports. Rule 26(a)(2) governs disclosure of expert testimony, and requires a retained expert to prepare and provide a signed written report containing certain information. *See* Fed. R. Civ. P. 26(a)(2)(B).

---

[7] Justification may exist where the affiant indicates that he was confused during his deposition or merely misspoke. Also mitigating against exclusion are situations where the affiant does not attempt to raise a new point, but merely tries to explain certain aspects of his prior deposition testimony. *Lytle*, 2009 U.S. Dist. LEXIS 1430, *7.

"A party must make these disclosures at the times and in the sequence that the court orders." Fed. R. Civ. P. 26(a)(C). A violation of Rule 26 implicates Rule 37(c)(1), which provides that "[a] party that without substantial justification fails to disclose information required by Rule 26(a) or 26(e)(1), [...] is not, unless such failure is harmless, permitted to use as evidence at trial, at a hearing, or on a motion any witness or information not disclosed." Fed. R. Civ. P. 37(c)(1). "The exclusion of non-disclosed evidence is automatic and mandatory under Rule 37(c)(1) unless non-disclosure was justified or harmless." *Dickenson v. Cardiac & Thoracic Surgery of E. Tenn., PC*, 388 F.3d 976, 983 (6th Cir. 2004) (quoting *Musser v. Gentive Health Servs.*, 356 F.3d 751, 756 (7th Cir. 2004)). "District courts have broad discretion to exclude untimely disclosed expert-witness testimony." *Pride v. BIC Corp.*, 218 F.3d 566, 578 (6th Cir. 2000) (citing *Trilogy Communs. v. Times Fiber Communs.*, 109 F.3d 739 (Fed. Cir. 1997)).

O'Shaughnessy's Affidavits

Defendants argue that O'Shaughnessy advances three opinions in his affidavits, offered by Davis in defense of summary judgment, that were not contained in his November 3, 2008 report. The first opinion, appearing in paragraph 5 of O'Shaughnessy's supplemental affidavit, provides:

> It is my opinion, which I hold to a reasonable degree of professional certainty, that an assessment of the patentability of an invention can be and routinely is performed without knowing what claims will eventually be made for

> that invention or which claims eventually will issue in a patent on that invention.

(O'Shaughnessy Suppl. Aff.,¶ 5.) According to defendants, this opinion appears nowhere in O'Shaughnessy' report, and directly contradicts his deposition testimony wherein he defined "patentability" to mean "[t]he question of whether the claims are patentable in that application over prior art." (Doc. No. 30, Ex. A, O'Shaughnessy Dep., p. 100.)

The Court agrees that this opinion appears nowhere in the November 3, 2008 report. The significance of this newly minted opinion to defendants' motion and Davis's defense of summary judgment is obvious. Defendants have attacked O'Shaughnessy's report on the basis that he failed to identify the potential patent claims, and neglected to perform an assessment of patentability. According to defendants, these failings prevent Davis from meeting her burden of demonstrating that her inventions were patentable and that patents would have issued "but-for" the alleged negligence of Thomson. Defendants were entitled to depose O'Shaughnessy on this point, and it would, therefore, work a substantial injustice upon defendants if the Court were to consider this untested representation. *See Sierra Club, Lone Star Chapter v. Cedar Point Oil Co.*, 73 F.3d 546, 572 (5th Cir. 1996) (prescribing the following factors to be considered in determining whether to strike a party's untimely expert opinion: (1) the importance of the witness's testimony; (2) prejudice to the

opposing party from allowing the witness to testify; (3) the possibility of curing such prejudice by granting a continuance; and (4) the explanation, if any, for the party's failure to comply with the discovery order.) The Court, therefore, DISREGARDS ¶ 5 of O'Shaughnessy's Supplemental Affidavit.

Flowing from O'Shaughnessy's opinion that a patentability analysis can be performed without knowing what claims would eventually support patents is his representation that he performed just such an analysis.[8] Loudly crying foul, defendants highlight the fact that O'Shaughnessy gave the following testimony at his deposition:

> Q: As part of the work you have undertaken in this case, have you performed a patentability analysis of any of Ms. Davis's inventions for any country outside of the United States?
>
> A: Well, let's break that into pieces. I have not performed a patentability analysis, as I testified earlier. What I have done is identified aspects which, if contained in a properly constructed

[8] Specifically, O'Shaughnessy avers that "[t]he analysis of patentability contained in my expert report was such a patentability analysis and that is clear from its context. The methodology I followed in reaching my conclusion that Ms. Davis would have received commercially valuable patents but for the negligence of Dan Thomson is the same methodology I have followed on many occasions in my career as a patent lawyer, and with which nearly all patent practitioners would be familiar." (O'Shaughnessy Suppl. Aff., ¶ 5.)

> patent application, would be the foundation for patentability.
>
> Now, when we go outside the United States, as I said earlier, the[]
>
> []. I'm sorry, I didn't mean to interrupt. You said what you have – you have not done a patentability analysis as you described earlier; correct?
>
> A. I believe I testified *I have not done a patentability analysis at all.*
>
> Q. Okay.
>
> A. If I testified otherwise, it was incorrect.

(O'Shaughnessy Dep., pp. 159-60, emphasis added.) According to defendants, O'Shaughnessy's suggestion, four months later, that he did a patentability analysis is in direct contradiction with his deposition testimony, and must be disregarded.

Davis attempts to explain away the inconsistency by arguing that O'Shaughnessy was merely speaking of one type of patentability. Without support, she argues that there are really three separate definitions for the term "patentability." According to Davis, the first analysis of "patentability," which Davis refers to as PATENTABILITY[1], is performed by the patent lawyer before the patent application has been written or submitted. (Doc. No. 28, p. 12.) The second analysis of "patentability," PATENTABILITY[2], takes place after a patent application has been submitted to the USPTO. (*Id.*,

13.) The third and final type of "patentability" analysis, PATENTABILITY[3], is reserved for testing the validity of the patent during patent infringement litigation. (*Id.*, p. 14.) It is Davis's position that her expert thought that defense counsel was using the definition for PATENTABILITY[2] during the deposition. Because no claims actually issued, O'Shaughnessy could not have performed this analysis. Instead, she insists that O'Shaughnessy was using the PATENTABILITY[1] definition in his supplemental affidavit because he performed a pre-application analysis.

The Court is not persuaded by this argument. O'Shaughnessy did not testify that he failed to, or was unable to, do a particular type of patentability analysis. Rather, he quite unequivocally testified that he did not perform any patentability analysis *at all*. Moreover, Davis's argument that O'Shaughnessy subscribed to the theory that there are three definitions for the term "patentability" is inconsistent with his deposition where he, himself, defined "patentability" as "[t]he question of whether the claims are patentable in that application over the prior art." (O'Shaughnessy Dep., p. 100.) O'Shaughnessy set the boundaries for the term "patentability," and he is bound by his prior testimony.

In addition, the opinion that, based upon a patentability analysis, the inventions are patentable appears nowhere in O'Shaughnessy's report. The only discussion of patentability in the report can be found in the section addressing the presumption of patentability found in 35 U.S.C. § 102.

(O'Shaughnessy Report, p. 19.) Nowhere in that section is a patentability analysis, or its results, discussed. The time for offering expert opinions has long past. Davis is not entitled to a second chance to marshal other expert opinions to shore up her defense of summary judgment. *See Dickenson*, 388 F.3d at 983. The Court DISREGARDS ¶ 5 of O'Shaughnessy's supplemental affidavit.

Defendants also argue that "O'Shaughnessy expresses the opinion at paragraph 2 of his [supplemental] affidavit that Thomson was Davis's attorney until July 2008." (Doc. No. 30, p. 2, citing O'Shaughnessy Suppl. Aff., ¶ 2.) Defendants, however, are imprecise in their representation of O'Shaughnessy's opinion. In actuality, O'Shaughnessy mere observed that "*[i]t* is my opinion that under the rules of the United States Patent and Trademark Office noted above in my expert report, Mr. Thomson was Ms. Davis's attorney of record until such time as the Director gave him permission to withdraw." (O'Shaughnessy Suppl. Aff., ¶ 2.)

The Court finds that this observation does not represent a new opinion. In his report, O'Shaughnessy lays out the rules of the USPTO governing the withdrawal of attorneys, and concludes that Thomson could not have withdrawn in the manner in which he attempted. (O'Shaughnessy Report, pp. 22-24.) O'Shaughnessy further states "that Brouse McDowell advised Ms. Davis that they had withdrawn from her representation was itself a false representation." (*Id.*, p. 24.) Paragraph 2 of the O'Shaughnessy's

supplemental affidavit merely rephrases the expert's opinion that in the eyes of the USPTO Thomson was still attorney of record. Defendants had fair notice of O'Shaughnessy's opinion that Thomson remained attorney of record before the USPTO until that office saw fit to release him from this responsibility, and had the opportunity to test the opinion at O'Shaughnessy's deposition. Therefore, the Court shall CONSIDER ¶ 2 of the O'Shaughnessy's supplemental affidavit.

Plaintiff's Affidavits

Defendants also challenge Davis's representations in her supplemental affidavit that "[b]etween 2003 and 2007, the attorney-client relationship I had with Dan Thomson was never interrupted or concluded. During that entire period, I considered Dan Thomson to be my attorney." (Doc. No. 28, Ex. 35, Supplemental Affidavit of Heather Alisha Davis, ¶ 4.) Believing that Davis has offered this observation simply to avoid summary judgment on her claims of malpractice in 2003 and 2004, defendants insist that this portion of Davis's supplemental affidavit be struck as a sham.[9]

Defendants attack Davis's claim as to the existence and duration of an attorney-client relationship with Thomson as a direct contradiction of what she said at her deposition, pointing to the following testimony: (1) Davis admitted she never

---

[9] Presumably, defendants also seek to strike Davis's statement in her initial affidavit, wherein she stated that "I believe I had an attorney-client relationship with Dan Thomson in 2003." (Davis Aff., ¶ 7.)

"retained" Thomson in 2003 (Davis Dep., p. 45); (2) she admitted that she did not rely on the marketing letter Thomson sent her in December 2003 (Davis Dep., pp. 215-16); and (3) Davis admitted that she had no recollection of ever seeking legal services from Thomson or Brouse McDowell in 2004 or 2205 (Davis Dep., pp. 47-48).

Davis suggests that the perceived inconsistency exists because she did not understand what the term "retained" meant. Davis explains that "[i]t was my understanding at the time of my deposition that a person 'retained' a lawyer when they paid them a sum of money up-front for the work that was going to be performed in the future. In other words, [...] I believed that one 'retained' a lawyer at the time one gave a retainer to that lawyer." (Davis Aff., ¶ 7.) Because she did not give Thomson a retainer until 2007, she answered the question posed by defense counsel in the negative.

It is permissible for an affiant to correct sworn testimony where "the witness was confused at the earlier deposition or for some other reason misspoke." *Martin v. Merrell Dow Pharm., Inc.*, 851 F.2d 703, 705 (3d Cir. 1988). "Courts will generally not declare an affidavit a sham if it helps to correct a mistake or resolve 'ambiguous testimony'." *Lytle*, 2009 U.S. Dist. LEXIS 1430, *7. As Davis correctly observes, defense counsel did not ask Davis if she "hired" Thomson, or if she considered Thomson to be her attorney. Nor did counsel define the term it did use. The Court finds that Davis has adequately explained her confusion with defense counsel's use of the term "retained" in her deposition to permit her to

now offer her opinion that she considered Thomson to be her attorney, beginning in 2003. *See e.g., St. Paul Mercury Ins. Co. v. Capitol Sprinkler Inspection, Inc.*, 573 F. Supp. 2d 152, 160-61 (D.D.C. 2008); *Knauf Realty, LLC v. Prudential Real Estate Affiliates, Inc.*, 486 F. Supp. 2d 855, 857 (noting that the "sham affidavit rule" does not apply to "elaboration on ambiguous testimony that the other party failed to clarify during a deposition").[10] The Court shall CONSIDER ¶ 7 of Davis's affidavit or ¶ 4 of Davis's supplemental affidavit.

B. Defendants' Motion for Summary Judgment

In her Amended Complaint, Davis alleges that Thomson's failure to timely file the PCT applications constituted legal malpractice. (Doc. No. 1, Ex. 2, Am. Compl., ¶¶ 6-7.) She also claims that Thomson's failure to advise of the consequences of the "absolute novelty rule," in 2003 and 2005, caused her to unknowingly launch her website before seeking patents, destroying her hopes of receiving international patent protection for her inventions. This, too, Davis insists amounted to legal malpractice. Had she not been the victim of what she views as poor lawyering, Davis believes that her inventions would be protected and she would have realized revenue of more than $ 14 million dollars.

[10] The other alleged inconsistencies cited by defendants, such as Davis's testimony that she did not rely on the December 18, 2003 marketing letter or her limited contact with Thomson in 2004 and 2005, do not directly contradict her clarified belief that she considered Thomson to be her attorney. While these facts may cut against the credibility of Davis's expressed belief, they do not warrant the exclusion of evidence of the belief, itself.

Under Ohio law, to establish a claim of legal malpractice based on negligent representation, "a plaintiff must show (1) that the attorney owed a duty or obligation to the plaintiff, (2) that there was a breach of that duty or obligation and that the attorney failed to conform to the standard required by law, and (3) that there was a causal connection between the conduct complained of and the resulting damage or loss." *Vahila v. Hall*, 77 Ohio St. 3d 421, 427 (1997). At issue in *Vahila* was whether the standard for proximate cause required that the plaintiff in every malpractice case establish that, "but for" the attorney's malpractice, she would have prevailed in the underlying matter. This standard for proximate cause, known as the "case-within-a-case doctrine," or the "trial within a trial doctrine," provides that:

> [a]ll issues that would have been litigated in the previous action are litigated between the plaintiff and the plaintiff's former lawyer, with the latter taking the place and bearing the burdens that properly would have fallen on the defendant in the original action. Similarly, the plaintiff bears the burden the plaintiff would have borne in the original trial; in considering whether the plaintiff has carried that burden, however, the trier of fact may consider whether the defendant lawyer's misconduct has made it more difficult for the plaintiff to prove what would have been the result in the original trial.

Restatement of the Law 3d, Law Governing Lawyers (2000) 390, Section 53, Comment b.

In *Vahila*, the plaintiff's malpractice action was premised upon the failure of plaintiff's criminal defense attorneys to properly disclose the consequences surrounding the various plea bargains entered into by plaintiff and the settlement plaintiff reached in certain civil matters. Due to this negligence, plaintiff maintained that his plea agreements were entered into under duress, and that the settlements in the civil matters did not adequately protect his rights. Finding that the plaintiff had sustained damages, regardless of whether he would have ultimately secured an acquittal in his criminal trial and a verdict in his favor on the civil matters, the court ruled that the plaintiff was not required to prove "but for" for the malpractice he would have prevailed in the underlying criminal and civil matters. *Id.* at 427. In so ruling, the court left open the possibility that the "case within a case doctrine" may apply to some malpractice actions. *Id.* at 428. *See Environmental Network Corp. v. Goodman Weiss Miller, LLP*, 119 Ohio St. 3d 209, 212 (2008).

Ohio's high court recently revisited the issue of the applicability of the "case-within-a-case doctrine." In *Environmental Network Corp.*, the court ruled that the plaintiffs in a legal malpractice case were required to prove that "but for" their counsel's malpractice, they would have received a more favorable outcome in the underlying case. *Id.* at 212-13. There, the plaintiffs alleged that their counsel negligently advised them to enter into a settlement

counsel had negotiated on their behalf. Having received the benefit of the settlement, the plaintiffs could not have demonstrated any losses resulting from their counsel's representation unless they could show that they would have received a better result if they had tried the case to verdict. In finding this an appropriate case for the imposition of the "case-within-a-case doctrine," the court observed that:

> unlike the plaintiffs in *Vahila*, who sustained losses regardless of whether their underlying case was meritorious, appellees here could recover only if they could prove that they would have succeeded in the underlying case and that the judgment would have been better than the terms of the settlement. Thus, the theory of this malpractice case places the merits of the underlying litigation directly at issue because it stands to reason that in order to prove causation and damages, appellees must establish that appellant's actions resulted in settling the case for less than appellees would have received had the matter gone to trial.

Id.

The "Case-Within-A-Case Doctrine" Applies to Davis's Claim

Defendants advocate for the application of the "case-within-a-case," here, to impose upon Davis the burden of proving that "but for" defendants' negligence, her patents would have issued and the

lost revenue she claims would have been realized. Applying *Environmental Network Corp.*, defendants argue that plaintiff's theory of recovery depends on success in the underlying patent prosecution. (Def. Mot., p. 15.) Davis, however, argues that she need only come forward with "some evidence" that her inventions were patentable. (Pl. Opp., p. 20.)

The Court finds that this case is an ideal candidate for the "case-within-a-case doctrine." Like the plaintiff in *Environmental Network Corp.*, Davis can only prove that she was damaged by Thomson's alleged bad lawyering if she can show that competent representation would have resulted in the issuance of patents for her inventions. In other words, Davis must necessarily prove that she possessed something patentable, and that if Thomson had timely and competently filed both her U.S. patent and PCT applications, or, at least, advised her of the risk of a premature website launch, she would have both national and international patent coverage. If there was no patentable subject matter with which to work, Thomson's negligence cannot be the proximate cause of the injuries Davis claims. *See e.g., Groteapproach, Ltd. v. Reynolds*, 2005 WL 5852677, *1 (N.D. Tex. Aug. 9, 2005) (In legal malpractice action involving the untimely filing of patent applications, the plaintiff was required to prove that his claims were patentable to satisfy the causation element.)

It is worth noting that Davis's argument that she need only come forward with "some evidence" has been consistently rejected in legal malpractice cases where the "case-within-a-case doctrine" is applicable.

In rejecting this reduced burden, the court in *Environmental Network Corp.* observed that "[t]o permit the plaintiff to present merely some evidence when the sole theory is that the plaintiff would have done better at trial, would allow the jury to speculate on the actual merits of the underlying claim." *Id.* at 213. Subsequent Ohio cases following the decision in *Environmental Network Corp.* are in accord. *See e.g., Neighbors v. Ellis*, 120 Ohio St. 3d 276 (2008) (reversing, on the strength of *Environmental Network Corp*, the court of appeals' decision that the plaintiff need only advance "some evidence" that he would have prevailed on his underlying product liability claim); *Young-Hatten v. Taylor*, 2009 Ohio App. LEXIS 994, **16-**23 (Ohio Ct. App. 10th Dist. Mar. 17, 2009) (rejecting plaintiffs' claim that they were only required to prove that their underlying medical malpractice action was "colorable").

The decision in *Young-Hatten* is illustrative. There, plaintiffs alleged that defendant attorney negligently failed to file their medical malpractice action before the expiration of the governing statute of limitations. The plaintiffs argued that they were only required to prove that the medical malpractice action had some merit, and that *Environmental Network Corp.'s* more exacting burden of proof was reserved for situations where the plaintiff claimed that a lawyer's negligent advice to accept a settlement deprived him of a "better result" at trial. The court rejected both arguments. Relying on the decisions in *Environmental Network Corp.* and *Neighbors*, the court found that the trial court had properly instructed the jury that the plaintiffs "were required to prove, by a preponderance of the

evidence, that, but for [defendant's] alleged negligence, they would have prevailed in their claim against Dr. Jenkins for medical malpractice." *Id.* at 22.

Similarly, Davis alleges that she is damaged because, due to Thomson's negligence, she can never obtain patent protection for her inventions. Without this protection, she cannot attract investors for her intellectual property enterprise, and will never realize the revenue that would have flown from that business venture. To prevail at trial, Davis must show that with competent representation she would have obtained those patents, attracted the necessary investors, and realized the lost revenue. In other words, she must prove the patent case that is contained within this legal malpractice, or to put it in terms of burdens of proof, she must prove, by a preponderance of the evidence, that "but for" Thomson's legal malpractice, the patents would have issued and the lost profits would have been realized.

Davis Cannot Meet Her Burden as to Causation

Defining Davis's burden of proof at trial does not, however, answer the ultimate question of whether defendants are entitled to summary judgment. The Court must still determine whether Davis can marshal facts which, if proven at trial, would satisfy her burden of demonstrating the causation element of her legal malpractice claim.

Davis seems to argue that, even if she bears the more stringent *Environmental Development Corp.* burden of proof at trial, the "some evidence" burden should apply at summary judgment. (Pl. Opp., p. 20.)

Of course, Davis is correct in noting that the weighing of evidence is inappropriate at the summary judgment stage. *Anderson*, 477 U.S. at 255. Nonetheless, to defeat a properly supported motion for summary judgment, the non-moving party's response must demonstrate the existence of facts showing that there is a genuine issue for trial. Fed. R. Civ. P. 56(e). Therefore, Davis "must make a showing sufficient to establish the existence of an element essential to [her] case on which [she] will bear the burden of proof at trial." *Celotext*, 477 U.S. at 322. To survive summary judgment on the issue of proximate cause then, Davis must come forward with facts that create a genuine issue of material fact as to whether "but for" Thomson's legal malpractice, the patents would have issued.[11]

Davis advances the opinions of two experts in support of her claim. The first expert, Suzanne Harrison, was offered to establish Davis's claim of lost profits. Harrison's analysis of profitability, however, began with the assumption that the inventions were patentable. (Doc. No. 22, Ex. E, Deposition of Suzanne Harrison, p. 62.) Harrison's

---

[11] Notwithstanding Davis's claim to the contrary, courts may grant summary judgment to plaintiffs in legal malpractice cases who fail to show that they can prove at trial that "but for" the poor lawyering, they would have prevailed on the underlying action. *See e.g., Neighbors*, 120 Ohio St. 3d at 276 (overturning the appellate court's reversal of summary judgment granted on the basis that the plaintiff had failed to adduce sufficient evidence that he would have prevailed on his underlying product liability action). *See Young Hatten*, 2009 Ohio App. LEXIS 994, 121 (explaining the lower court's ruling in *Neighbors*).

testimony, therefore, cannot create any genuine issues of material fact as to patentability.

The other expert was James O'Shaughnessy, a patent law expert. The bulk of O'Shaughnessy's report was devoted to laying out the deficiencies in Thomson's legal advice and in the three patent applications he prepared and filed, as well as explaining why Thomson's attempt to withdraw as counsel before the USPTO failed. While this evidence is enough to create genuine issues of material fact as to whether Thomson committed legal malpractice, it does not address the question of whether a competent attorney could have secured patents for Davis's inventions.

As to the subject of patentability, O'Shaughnessy opined that "[i]n this case, Ms. Davis would have received patents on her inventions." (Report, p. 19.) However, "[s]ummary judgment is not precluded simply because a party has produced an expert to support its position." *Cadarian v. Merrell Dow Pharmaceuticals, Inc.*, 745 F. Supp. 409, 412 (E.D. Mich. 1989). "The Court may look beyond an expert's ultimate conclusion and analyze the adequacy of its foundation. *Id.*

As the Supreme Court explained in *Daubert v. Merrel Dow Pharms.*, 509 U.S. 579, 593 (1993):

> Faced with a proffer of expert scientific testimony, then, the trial judge must determine at the outset, pursuant to Rule 104(a), whether the expert is proposing to testify to (1) scientific knowledge that (2) will assist the trier

> of fact to understand or determine a fact in issue. This entails a preliminary assessment of whether the reasoning or methodology underlying the testimony is scientifically valid and of whether that reasoning or methodology properly can be applied to the facts in issue.

"A district court is not required to admit expert testimony 'that is connected to existing data only by the ipse dixit of the expert. A court may conclude that there is simply too great an analytical gap between the data and the opinion proffered.'" *Nelson v. Tennessee Gas Pipeline Co.*, 243 F.3d 244, 254 (6th Cir. 2001) (quoting *GE v. Joiner*, 522 U.S. 136, 146 (1997)).

O'Shaughnessy claims that his opinion as to patentability is based upon his review of the files maintained by Brose McDowell.[12] It would appear,

---

[12] Specifically, O'Shaughnessy states:

> Though it appears that some elements of her inventions were known or used by others or described in printed publications, nothing I have seen in the files from Brose McDowell sent to me for review would have blocked her ability to have secured commercially meaningful patents on her inventions. I have seen other materials such as the transcripts of depositions taken in this case and catalogued in Part III of this Expert Report in which prior art was discussed. That prior art too is an in sufficient basis on which to conclude that Ms. Davis would not have received patents on her inventions. Thus, but for the legal malpractice of Brouse McDowell identified throughout this

however, that it is supported by little else, other than a telephone conversation with Davis and his knowledge of Davis's intended market. (O'Shaughnessy Aff., ¶ 10.) O'Shaughnessy testified that patentability asks "[t]he question of whether the claims are patentable in that application over prior art." (O'Shaughnessy Dep., p. 100.) Yet, O'Shaughnessy testified that he did not perform a search for prior art (O'Shaughnessy Dep., pp. 80-81), and he did not attempt to even identify the potential claims that would have supported a patent.[13] (O'Shaughnessy Dep., p. 45.) Further, he admits that he did not perform a patentability analysis. (O'Shaughnessy Dep., pp. 159-60.)

Indeed, a theme that runs through O'Shaughnessy's report is the notion that Thomson failed to do the research necessary to understand the

> report, Ms. Davis would have been awarded patents on her inventions. The consequences for having lost those rights resulted in financial damage to her, as explained more fully below.

(O'Shaughnessy Report, p. 19.)

[13] At pages 12-13 of his report, O'Shaughnessy identifies 15 "bullet points", which he claims are "a list of the attributes of Heather Davis's inventions that I find to be novel, patentable and of great commercial potential." (O'Shaughnessy Aff., ¶ 10.) O'Shaughnessy admitted in his deposition, however, that these "bullet points" were not specific claims that he believed were patentable. (O'Shaughnessy Dep., p. 81.) Rather, he testified that they were "features of Davis's invention that ought to have been, but were not, properly described or embellished upon, and one or more of these features that could have formed the basis for patentable claims." (*Id.*)

novelty of Davis's inventions and the claims that could support patents of those inventions. Yet, O'Shaughnessy, himself, failed to engage in the same sort of research, and, in failing to do so, is unable to offer evidence on the subject of patentability. Apparently operating under the notion that his client need only demonstrate malpractice, O'Shaughnessy did not go beyond his critique of Thomson's representation to demonstrate that good lawyering could have secured the desired U.S. and foreign patents. The Court finds that O'Shaughnessey's ultimate conclusion as to patentability lacks an adequate foundation.[14] It, therefore, cannot be relied upon by Davis to create a fact issue on the question of patentability. *See e.g. Nelson*, 243 F.3d at 254 (summary judgment was properly granted in personal injury claim where plaintiff's expert's opinion was not based on scientifically valid reasoning and methodology); *Cadarian*, 745 F. Supp. at 412 (expert's ultimate conclusion that defendant's drug caused plaintiff's daughter's birth defects was properly rejected at summary judgment where the opinion was not supported by facts or relevant data).

---

[14] The opinion offered by O'Shaughnessy is also suspect because it is appears under the section of the report that discusses the presumption of patentability under 25 U.S.C. § 102. (O'Shaughnessy Report, pp. 19-22.) Section 102 merely provides that an applicant will be entitled to a patent unless the subject material fails to meet the necessary criteria (utility, novelty, nonobviousness) for a patentable invention. As defendants aptly point out, "there is no such presumption of patentability before the [issuance of a patent]." *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

Another hurdle that stands in the way of Davis pointing to evidence that satisfies her burden as to proximate cause is the inconvenient fact that she cannot blame the premature launch of her website on Thomson's apparent inadequate advice on PCT applications. It is true that Thomson's December 18, 2003 letter discussing PCT applications makes no mention of the "absolute novelty rule," nor does it warn Davis that if she were to launch her website prior to filing her PCT applications, she would severely hamper her ability to obtain foreign patent coverage for her inventions. Davis concedes, however, that she does not remember ever receiving the December 18, 2003 letter (Davis Dep., p. 111), and further admits that she did not rely on the contents of this letter when she made the decision to launch the website in 2005. (Davis Dep. II, p. 216.)

Davis also complains, however, that Thomson should have told her about the "absolute novelty rule" during their 2005 phone conversation wherein she shared with Thomson her plans to go public with her inventions. (Davis Dep. II, p. 216.) Still, the record demonstrates that, prior to 2005, she was aware that a premature launch could endanger the patentability of inventions in foreign countries. Davis's patent agent, Dwight Stauffer, testified that he advised Davis that if she were to launch her website before the patent applications have been filed, she would be unable to get foreign patent protection through the PCT.[15] (Doc. No. 22, Ex. G,

[15] Stauffer's testimony was somewhat ambiguous as to the precise advice he gave Davis in 2004 regarding the absolute novelty rule. He originally testified that while he was not certain that he had such a conversation with Davis, he said

Dwight Stauffer Dep., pp. 92-93.) That Davis understood the implications to her foreign patents on a premature launch is evident from an email Davis sent to her web designer. In a December 1, 2004 email, Davis writes:

> Hello, I just wanted to let you know that I spoke with the patent agent that I work with. He told me to ask you if you could hold the launching of the website until the day after tomorrow. He needs one day to file the business model patent on the website. Once the website is made public, the patent, if not filed prior, will become obsolete.

(Davis. Dep., pp. 221-22, Ex. 42.)

It is clear that Davis was aware of the risk of allowing her inventions to go public prior to filing her provisional applications. Despite being equipped with this information, she chose to forge ahead. She cannot, therefore, claim that Thomson's negligence was the proximate cause of the damages that flowed from her inability to obtain foreign patents. *See Kinsley v. Bray*, 2004 WL1925698, *3 (Ohio Ct. App. 10th Dist. Aug. 31, 2004) (quoting *Reed v. Weber*, 83 Ohio App. 3d 437, 441 (Ohio Ct. App. 1st Dist. 1992)) ("Negligent conduct constitutes the proximate cause of an injury if the injury is the 'natural and probable

---

that it "probably" took place. (Stauffer Dep., pp. 78-80.) He later confirmed that he had discussed this topic with her, and that he advised against a launch before the provisional applications could be filed. (Stauffer Dep., pp. 91-93.)

consequence of the conduct.'") Even if Thomson was negligent in his counsel, Davis's own actions are the proximate cause of the resulting damages. *See Czarney v. Porter*, 166 Ohio App. 3d 830, 833-34 (Ohio Ct. App. 8th Dist. 2006) (a break in the chain of causation will relieve a party of liability for negligence).

Davis has failed to come forward with evidence that would create a genuine issue of material fact as to the essential element of causation. For this reason, alone, defendants are entitled to summary judgment on Davis's legal malpractice claim.

Davis cannot Establish her Damages

In addition, Davis's request for lost profits could not survive summary judgment because the damages claimed by Davis are speculative. Lost profits are recoverable under Ohio law, "so long as the [plaintiff] provides a sufficient quantum of proof." *AGF, Inc. v. Great Lakes Heat Treating Co.*, 51 Ohio St. 3d 177, 183 (1990). A tri part test is employed to determine whether lost profits may be recovered, which requires the plaintiff to prove "(1) profits were within the contemplation of the parties at the time the contract was made; (2) the loss of profits is the probable result of the breach of contract; and (3) the profits are not remote and speculative and may be shown with reasonable certainty."[16] *Bobb Forest*

[16] While the test is couched in terms of a contract breach, the principles are equally applicable to a situation, like the present case, where it is alleged that the negligence of another has prevented a company from realizing revenue. *See Mich. Millers Mut. Ins. Co. v. Christian*, 153 Ohio App. 3d 259, 311 (Ohio Ct. App. 3rd Dist. 2003) (internal citation omitted) ("a plaintiff may

Trod. v. Morbark Indust., 151 Ohio App. 3d 63, 89 (Ohio Ct. App. 7th Dist. 2002). *See AGF, Inc.*, 51 Ohio St. 3d at 183.

The causation element demands proof that "the loss of profits is the probable result" of the defendant's conduct. *Charles R. Combs Trucking, Inc. v. Int'l Harvester Co.*, 12 Ohio St. 3d 241, 244 (1984). "Otherwise stated, the damages must have been directly caused by the wrongful breach, not by someone else." *Telxon Corp. v. Smart Media of Del., Inc.*, 2005 WL 2292800, *37 (Ohio Ct. App. 9th Dist. Sept. 21, 2005). As to the third factor, both the existence and the amount of the damages must be demonstrated with reasonable certainty.[17] *AGF, Inc.*, 51 Ohio St. 3d at 183.

By its very nature, the proof available to demonstrate lost profits often involves "some conjecture". *Thomasville Furniture Indust. v. Elder-Beerman Stores*, 250 B.R. 609, 630 (S.D. Ohio 1998). Nonetheless, a plaintiff will not be denied a right to recover lost profits so long as he "places facts into

---

recover profits lost as a result of a defendant's tortuous conduct if such damages may naturally be expected to follow from the wrongful act and the damages are reasonably ascertainable").

[17] As the court in *Rhodes v. Rhodes Indus., Inc.*, 71 Ohio App. 3d 797, 809 (Ohio Ct. App. 8th Dist. 1991), observed:

> [m]ore is required of the plaintiff than merely his assertion (either directly or through an expert witness) that he would have made a particular amount of profits. Unless the figure is substantiated by calculations based on facts available in evidence, the courts will properly reject it as speculative and uncertain.

evidence such that the finder of fact has an adequate factual basis upon which to calculate an award of such profits, as well as the means by which to calculate the amount of lost profits claimed." *Id.* at 629.

A unique challenge faces a plaintiff who wishes to recover lost profits from a new business. "Evidence of lost profits from a new business venture receives greater scrutiny because there is no track record upon which to base an estimate." *Tekson, Corp.*, 2005 WL 229800, ¶42 (internal citation omitted). "[A] start up company should not be permitted to obtain pie-in-the-sky damages upon allegations that it was snuffed out before it could begin to operate." *Id.* at ¶82. Rather, "[a] new business must base its claim of lost profits on expert testimony, economic and financial data, market surveys and analyses, business records of similar enterprises, and any other relevant factor." *Bobb Forest Prod., Inc.*, 151 Ohio App. 3d at 90 (citing *AGF, Inc.*, 51 Ohio St. 3d at 177.)

Davis offers two experts on the subject of lost profits, Harrison and O'Shaughnessy. Harrison estimated that Davis lost approximately 5 million dollars in cash out damages. (Doc. No. 22, p. 21.) O'Shaughnessy estimated a loss of approximately 9.65 million dollars over a seven year period from missed patent sales transactions, missed patent licensing transactions, and lost advertising revenue. (O'Shaughnessy Report, p. 37.) Overall, Davis seeks to recover over 14 million dollars in lost profits. In support of her expert's estimations, Davis underscores the fact that both individuals have "vast

experience in web-based businesses through which intellectual property transactions take place [...]."[18](Doc. No. 25, p. 26.)

Both experts base their estimations upon the assumption that "but for" Thomson's malpractice, the patents would have issued. (O'Shaughnessy Report, p. 26; Harrison Dep., pp. 62-63.) As discussed above, Davis has failed to offer any evidence which creates a genuine issue of material fact on the issue of causation. Her experts cannot, therefore, simply assume that the patents would have issued to satisfy the causation prong of the lost profits test. *See AGF*, 51 Ohio St. 3d at 183. Their failure to offer any proof on the issue of causation renders their opinions fatally flawed.

Davis's lost profits evidence also suffers from other deficiencies. In forming her opinions, Harrison did review Davis's 2005 business plan for The IP Exchange, though she thought that the plan was "somewhat ambitious." (*Id.* at 46.) She admits, however that she did not conduct a market survey. (Harrison Dep., p. 51.) She also was unable to review

---

[18] Davis notes that "James O'Shaughnessy has had years of experience in the practice of law, and in the business of evaluating patents and patent applications. He has served on the board of directors of publicly traded corporations and has participated in performing the type of analysis he describes in his affidavit and his expert report." *Id.* As for the credentials of Harrison, Davis highlights the fact that "Suzanne Harrison is the author of two books dealing with the monetization of intellectual property, and has substantial knowledge of the process by which start up high technology companies are capitalized and managed." *Id.* at 26-7.

the financial statements of any competitors of The IP-Exchange, though she testified in her deposition that such records were not available because the competitor companies were privately held. (*Id.*) Instead, she relied upon her experience in the intellectual property venture market that was derived from interviews with venture capitalists and business school professors, as well as from articles that she had a colleague read and summarize.[19] (Harrison Dep., pp. 39-41, 45, 71-73.)

Interviews and article summaries are simply not the type of verifiable date that must accompany expert opinions as to lost profits from new, untested, businesses. *See Bobb Forest Prod., Inc.*, 151 Ohio App. 3d at 90. Without economic and financial data, market summaries, business records from similar enterprises, or some other type of quantifiable data that would support Harrison's opinions, her lost profit calculations are wholly speculative and not recoverable. *See e.g., AGF*, 51 Ohio St. 3d at 184 (plaintiff was not entitled to lost profits where he failed to demonstrate lost profits with reasonable certainty).

As for O'Shaughnessy's report, it, too, lacks the indicia of reliability. O'Shaughnessy indicates that the methodology he employed in arriving at his calculation of lost profits came from his experiences working for companies, such as Rockwell

[19] Harrison testified that she did not conduct these interviews to assist her in preparing her expert report in this case. Rather, the interviews were "for [her] own purposes, outside of this case." (Harrison Dep., 40.)

Automation, where Annual Operating Plans (AOPs) were prepared for planning purposes. (O'Shaughnessy Aff., ¶¶ 21-30.) Specifically, these AOPs contained a company's "business strategy for the coming year, described the goods and services it would be offering to its addressed market(s), projected the costs required to deliver those goods and services and estimated the revenue it expected to generate." (O'Shaughnessy Aff., ¶ 21.) In his report, he further outlined the parameters of the matrix he uses with the companies in which he has been associated to develop intellectual property strategies and guide future financial decisions. (O'Shaughnessy Report, pp. 26-27.)

O'Shaughnessy began his analysis by defining the scope of the intellectual property services market. With that as the outer boundaries of his financial universe, O'Shaugnessy then estimated what percentage of the market The IP Exchange was likely to attract and, ultimately, what revenues would flow from that exposure.

For example, he estimated that The IP Exchange would have attracted 10 percent of the U.S. patent sales. When asked how he arrived at that calculation, he testified that it was based "[p]rimarily [on] conversations with Ms. Harrison who she and I watch this market. We spend a lot of time watching this market [...]."[20] O'Shaughnessy

[20] Of course, as previously noted, Harrison relied on interviews with economics professors and venture capitalists, as well as summaries of financial articles, for her understanding of the market. (Harrison Dep., pp. 39-41, 45, 71-73.) O'Shaughnessy noted that Ms. Harrison also "had something called The

Dep., p. 222.) Like Harrison, however, O'Shaughnessy did not perform any market surveys. (*Id.*, p. 193.) Further, while he did look at the web activity of two similar websites, Ventius and TheFunded.com, it does not appear that O'Shaughnessy reviewed the financial records from these ventures, nor does he explain why Davis's start-up business should be compared to these going concerns.

In addition, O'Shaughnessy states that he has used this model for 20 years with companies, such as Rockwell Automation, with proven track records and years of historical financial data. He fails, however, to explain how he has adapted his model for use with Davis's business, a new company with no record of profits or any demonstrated success, other than to say that he shaded his estimates toward the conservative to account for the lack of historical data. (O'Shaughnessy Aff., ¶29.)

O'Shaughnessy laments that:

> There is insufficient data to project reasonable dollar-based endpoints for this strategic analysis. It is unfortunate for Ms. Davis that her visionary inventions are ahead of the collected economic data would afford the basis to

---

Executive Forum, where these large companies collect and discuss these issues. And as a result of that, as I say, we – there are a limited number of places that would attract this kind of a particular transaction." (O'Shaughnessy Dep., p. 223.) It is entirely unclear from the record, however, what The Executive Forum actually is, or whether this organization reviews industry data, surveys or the like.

> determine with particularity the damages she has suffered using this approach.

(O'Shaughnessy Report, p. 33.) In other parts of his report, he notes that certain economic data in the area of intellectual property is simply not available. (O'Shaughnessy Report, p. 29.) He concludes his damages analysis by noting that "[i]t is a shame that Davis's foresightfulness and creativity preceded the routine collection and publication of economic data pertinent to the market sector in which she chose to operate her business. The lack of data makes an analysis of the true dimensions of her losses imprecise." (O'Shaughnessy Report, p. 36.)

While the Court is sympathetic to Davis's difficulties in quantifying her lost profits, it is without authority to award speculative damages. The expert opinions of O'Shaughnessy and Harrison do not appear to have been supported by a review of business records of similar businesses, relevant economic and financial data, or market surveys. Though some conjecture is expected in calculating lost profits of new businesses, wholesale guesses and projections, without support, will not create even a genuine issue of material fact as to the availability of such damages. *See generally AGF, Inc.*, 51 Ohio St. 3d at 184. Thus, the expert opinions offered by Davis lack the indicia of reliability necessary to support Davis's claim that she is entitled to lost profits for a business venture that never got off the ground.

III. CONCLUSION

For all of the foregoing reasons, defendants' motion for summary judgment (Doc. No. 22) is GRANTED in its entirety. In light of this ruling, plaintiff's motion for partial summary judgment on defendants' affirmative defenses (Doc. No. 23) is DENIED as moot. This case is dismissed.

IT IS SO ORDERED.

Dated: May 22, 2009

HONORABLE SARA LIOI

UNITED STATES DISTRICT JUDGE